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FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER
Thursday December 30 1982

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NEWS SUMMARY

GENERAL

Israelis hope for progress on talks
Israeli officials determinedly excluded optimism about the talks with Lebanon, in spite of the deadlock which emerged at the opening meeting in Khalde, near Beirut, on Tuesday.

When the second session opens in Kiryat Shmona in north Israel today, Israel may propose that the negotiations be conducted by a series of sub-committees each discussing a different issue.

This was suggested in consultations yesterday on ways of overcoming the problem of drawing up an agenda listing the issues to be discussed and their order of priority. Page 3

Angola killings

Angola's main rebel movement, Unita, reported it had killed 404 government soldiers and 70 Cubans in a four-day Christmas offensive.

Kenya papers threat

Kenyan Health Minister Mukasa Mungo said the Government was planning to ban some of the country's newspapers, the Daily Nation reported.

Spain shooting

Two Spanish paramilitary civil guards were killed by machine-gun fire at the Irun border railway station.

Miami riot inquiry

Miami city manager Howard Grey promised a full inquiry into the shooting by police of a black man which sparked a potentially explosive disturbance on Tuesday night in a mainly black area of the city. Page 2

Talks hope

The Strategic Arms Reduction Talks with the Soviet Union have an even chance of reaching agreement next year, U.S. negotiator Gen Edward Rowley said. Page 2

Iran arrests

A number of Iranian officials have been arrested in a crackdown ordered by Ayatollah Ruhollah Khomeini on judges and administrators who abuse their authority and violate human rights.

E. German escapees

A total of 2,392 East Germans escaped into West Germany this year, according to the West German Interior Ministry.

Oslo rejects N-plan

Norwegian Foreign Minister Svein Stray rejected Soviet leader Yuri Andropov's proposals to cut Soviet medium-range missiles to the number of nuclear missiles deployed by Britain and France.

Corsica pledge

French Security Minister Joseph Fraceschi said a fresh wave of political violence in Corsica by nationalists will be firmly resisted.

U.S. seeks bases

The U.S. has asked for military facilities in mainland Portugal, in exchange for increased U.S. help in re-arming the country's military forces.

Briefly...

Five miners died in a cave-in 1,900 feet below ground at Katowice, south-west Poland.

Sweden's population increased by about 3,100 this year, the lowest growth in 110 years.

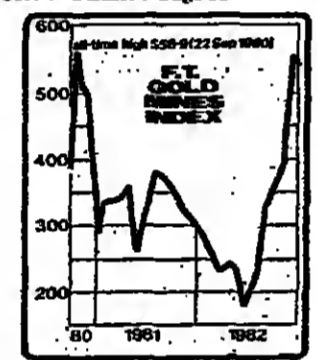
BUSINESS

Dresdner sells stake in MG
Dresdner Bank of West Germany is selling its 33 per cent stake in Metallgesellschaft, the West German metals and chemicals group, to a new holding company. Dresdner will be one of the two equal shareholders in the company, the other is the Airco American Investment Holding Company, a Cayman Islands-registered concern. Page 22

DOLLAR fell to DM 2.27 (DM 2.295 on Friday), FF 6.715 (FF 6.8), SwFr 1.99 (SwFr 2.01) and Y222.75 (Y228). Its Bank of England trade-weighted index was 118.1 (119.4). Page 15

STERLING rose 2.1 cents from Friday to \$1.627. It also improved to DM 3.875 (DM 3.8475), FF 10.925 (FF 10.915), SwFr 2.275 (SwFr 2.225) and Y279 (Y282). Its trade-weighted index was 84.5 (84.1). Page 15

GOLD gained \$14 from Friday's close to \$492.5 in London. It finished at \$492.25 in Frankfurt and at \$486.5 in Zurich. Page 14



WALL STREET: Dow Jones index closed up 0.73 at 1,639.09. Page 16

HONG KONG: Hang Seng index slipped 4.98 to 776.22. Page 16

AUSTRALIA: All share index rose 5.8 to 485.4. Page 16

FRANKFURT: Commerzbank index edged up 0.1 to 761.6. Page 16

TOKYO: markets were closed.

LONDON: FT Industrial Ordinary index added 3.5 to 593.7. FT Gold Mines index jumped 16.6 to 552.9 on hopes of cheaper international credit, which also boosted gilt prices which generally gained about 2 points. Page 17

SIR ANTHONY TOUCHE, former chairman of Touche, Rossman & Co, UK investment manager, is believed to be the front runner to take over as chairman of National Westminster Bank after the appointment of Mr Robin Leigh-Pemberton as the next Governor of the Bank of England.

CHINA expects total industrial output value to rise 7 per cent to over Yuan 550bn (\$275bn), exceeding the original target of 4 to 5 per cent, the official Xinhua news agency reported.

BRITAIN lost 7.85m working days through strikes in 1982, against 3.95m last year.

WEST GERMAN deliveries of grain to East Germany rose by more than 50 per cent to about DM 745m (\$310m) by the end of November. Page 3

ZIMBABWE has agreed to the immediate closure of the Empress Nickel Mine, owned by the Rio Tinto group, with the loss of nearly 1,200 jobs. Page 3

CHRYSLER Canada has decided to postpone the retooling of an idle Windsor, Ontario, plant, putting in jeopardy a C\$250m package designed to save the car maker. Page 10

The International Edition is in one section today. International Company News begins on Page 18.

Austria	Scs 15	France	FF 5.00	Jordan	Jr 5.00	Norway	Nkr 8.00	Switzerland	Sfr 2
Saudi	Ds 6.00	Germany	DM 2.00	Kuwait	Kd 4.00	Philippines	Ps 20	Taiwan	Ts 8.00
Singapore	S\$ 15	Greece	Dr 50	Lebanon	L.L 8.00	Portugal	Pt 200	Yemen	Yr 1.00
Canada	C\$ 50	India	Rs 15	Laos	Lk 20	S. Korea	Rs 100	U.A.E.	Dh 8.00
Denmark	Dkr 7.00	Indonesia	Rp 1000	Malaysia	Ms 3.00	Singapore	S\$ 10	U.S.A.	\$ 1.00
Egypt	Eg 100	Italy	L 1100	Mexico	Mx 6.00	Spain	Pt 165		
Finland	Fmk 5.00	Japan	Y 80	Netherlands	F 2.25	Sweden	Skr 8.50		

Reagan expected to cut growth forecast to 2%

BY ANATOLE KALETSKY IN WASHINGTON

President Ronald Reagan is likely to present Congress next month with a reduced forecast of U.S. economic growth for 1983: at 2 per cent or less, compared with preliminary projections of around 3 per cent made in the autumn, according to senior Administration officials.

Most of the reduction is due to the disappointing performance already registered by the economy this year. The Administration still expects a significant recovery to begin in the first half of 1983, albeit from a much lower base than predicted earlier.

A Commerce Department announcement last week that gross national product in the current quarter appeared to be dropping at an annual rate of 1.2 per cent, instead of rising gently as most economists had expected, made inevitable a cut in the GNP forecast for the whole of 1983.

However, the growth rate between the depressed fourth quarter of this year and the fourth quarter of 1983 will look much better. This figure should show growth of 3 per cent, with 3.5 per cent "entirely possible," according to one official.

A major reason for the present unexpected weakness of the economy is the strength of the dollar and the soaring trade deficit, as domestic demand has been met increasingly by foreign goods, while U.S. export markets has stagnated. The November trade figures, re-

leased yesterday, show a merchandise trade deficit of \$4.09bn, compared with \$3.53bn and \$4.19bn in the previous two months. Some economists believe that the sharp decline in the dollar in recent weeks, particularly against the yen, will significantly improve growth prospects if it is maintained.

Administration officials stressed yesterday that the new forecast, to form part of Mr Reagan's 1984 budget submission, had been agreed only in outline by the President's top three economic officials: Mr Donald Regan, the Treasury Secretary, Mr Martin Feldstein, chairman of the Council of Economic Advisors, and Mr David Stockman, the Budget Director.

Mr George Shultz, the Secretary of State, is also believed to have been consulted, but even the outline figures have not yet been approved by Mr Reagan and they may well be revised substantially.

Inevitably, one of the most controversial figures will be for unemployment. Although no number has been disclosed, the very gentle recovery implied by the overall growth forecast means that the un-

employment rate is unlikely to fall much below 10 per cent during the course of next year.

Inflation will remain at or below the current rate of roughly 5 per cent throughout the year, according to the Administration's figures.

If the figures are approved by the President, they will represent a marked departure from the practice of the last few years, which has been to make forecasts at or above the top of the range of private economists' projections.

Mr Reagan is being pressed to break with tradition and endorse a relatively pessimistic forecast partly because his Administration's credibility has been severely undermined by over-optimism in the past. It is also being argued within the Administration that a realistic forecast will make it easier to negotiate with Congress on the 1984 budget, since in the past conflicting economic assumptions have created great confusion in budget talks.

By showing deficits of \$200bn or more in the coming years, a realistic forecast may also restrain Congressional pressure for new spending programmes.

Poland seeks long-term rescheduling agreement

BY CHRISTOPHER BOBINSKI IN WARSAW

POLAND WANTS to negotiate long-term rescheduling of its debt to Western commercial banks to replace the current arrangements under which each year's payments are discussed as they fall due.

Launching the proposal in his budget speech to the Sejm (Parliament) yesterday, Mr Janusz Oboedowski, Deputy Prime Minister in charge of the economy, said: "We are awaiting a realistic approach from our creditors."

Early reactions yesterday indicated that Western banks may respond favourably to the idea, which so far has been discussed only informally.

"One London banker said he and his colleagues had hoped that long-term arrangements would not be necessary."

"I think, however, that banks would now look favourably at the idea. A medium-term solution would make sense."

Polish officials are expected to suggest a three-year debt rescheduling package at talks ar-

ranged for next month on payments in 1985.

Western sanctions imposed after the military takeover last December included suspension of negotiations on Poland's debts to Western governments. Warsaw responded by suspending repayments.

The total Polish debt to the West is estimated at around \$25bn, with some \$10bn of this owed to governments.

Mr Oboedowski told parliament that Poland needs to raise \$800m worth of new credits in 1983 and hopes to repay \$1.8bn of next year's obligations.

According to Mr Zbigniew Karcz, one of Poland's chief debt negotiators, the country will need about \$3bn of new credits in the new year.

Mr Karcz told the Financial Times Poland managed to raise \$1.4bn in new credits this year mainly for purchases of grain in Canada and France. This compares with \$4.9bn raised in 1981.

Mr Oboedowski also announced plans for a 18 per cent rise in national income in the next three years. National income is the approximate equivalent of gross national product, excluding services.

He also pledged to struggle against inflation and said that next year's 151bn zloty (\$1.8bn) forecast budget deficit must be eliminated by 1985.

He stressed the need to cut subsidies to industry and even raised the possibility of inefficient companies being allowed to go bankrupt. He also warned that domestic bank credits would be expensive and hard to get.

Overall hard currency imports this year were worth \$4.4bn while export earnings in the West stood at \$4.9bn.

The Government hopes hard currency export earnings next year will reach \$5.6bn and imports \$4.9bn. It is aiming for a \$700m trade surplus and \$300m surplus in invisible earnings.

British Airways may buy 18 smaller U.S.-built aircraft

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT, IN LONDON

BRITISH Airways, which starts to take delivery of 17 Boeing 737 twin-engine jet aircraft next month, is studying the possibility of buying up to 18 smaller jet aircraft.

It is considering the new Boeing 737-300 or the McDonnell Douglas DC-9 Super 80. Any such purchase would cost the airline more than \$350m, on top of its \$640m purchase of the 737s.

The need is for a smaller aircraft than the 228-seat 737 to fly on routes with lower traffic volumes. It would replace the existing 36 Trident 2s and Trident 3s in the fleet.

The Tridents, which have been in service since the early 1980s, are ageing and are becoming increasingly unacceptable because of their noise.

From January 1, 1986, when new noise rules will become effective throughout the UK and Western Europe, the Tridents will be unusable. The aim is progressively to replace them before that date.

British Airways wants a 140 to 150-seat aircraft that is readily available. The choice lies between four options.

The first is to buy the new Boeing 737-300, an improved version of the highly successful 737. It is under development for roll-out in 1984. It will have the new Franco-U.S. Snecma General Electric CFM-56 engine, giving low noise and improved fuel consumption over existing Boeing 737s.

The second option is to buy the McDonnell Douglas DC-9 Super 80 jet, which is already in service and has proved exceptionally popular. McDonnell Douglas has won orders for 78 of those jets this year alone.

The third option is to buy more of the existing Boeing 737s. BA already has 28 in service, both on its own routes and those of British Airways, its holiday subsidiary.

The fourth option is to look for suitable aircraft on the second-hand market.

The prospective European A-320 150-seater Airbus was also considered. But that aircraft does not exist as yet - it is only a design. Although Airbus Industries has been trying to push it hard in world markets, there is so far no money from governments to build it. There is some doubt about when it will be launched, if at all.

The Airbus could not be in service before 1988-90 at the earliest and that is too late for British Airways.

The airline believes that it has at least a year in which to make up its mind to secure delivery of the first aircraft before 1986. Both the 737-300 and DC-9 Super 80 meet this criterion.

The interest in a smaller aircraft does not decrease BA's need for the 737. That aircraft will be used extensively on UK domestic routes and on the busiest routes between the UK and the European Continent.

London gilts lift on U.S. rate hope

By Max Wilkinson, Economics Correspondent, in London

THE LONDON market for government securities bounced forward yesterday after the Christmas holidays in the expectation of further downward movement in interest rates.

Prices moved up two points after the decision on Tuesday by Chase Manhattan, the largest U.S. bank, to lower its prime lending rate by a half percentage point to 11 per cent.

Other banks were slow, however, to cut their prime in line with Chase.

The markets were also encouraged by the fact that yesterday and on Tuesday the U.S. Federal Reserve Board injected reserves into the banking system to counter an upward pressure on short-term interest rates which would otherwise have been generated by a seasonal shortage of liquidity.

In London, the note of seasonal optimism was further confirmed by the steadiness of sterling, which gained two cents against the dollar since Friday to close in London at \$1.6270. Most of this gain, however, reflected movements in New York on Tuesday.

In spite of the sharply increased prices for gilt-edged stock, the volume of trading was relatively moderate as might be expected in the holiday period. There was little enthusiasm for equities and the FT Industrial Ordinary Index moved up only 3.5 points to 593.7.

The expectation of an easier trend in interest rates was reflected in a ¼ percentage point fall in the three-month London interbank interest rate to 10 ¼ per cent. Eurodollar interest rates were also down with the three-month rate ¼ point lower at 9 ¾ per cent.

Our New York Staff writes: Other large U.S. banks are expected to join the cut to an 11 per cent prime rate once year-end distortions have been worked out of the system.

The New York bond market was very quiet yesterday, and foreign exchange business was also dull.

On the New York Stock Exchange, the Dow Jones Industrial average closed fractionally higher after sea-sawing during the day, reflecting the pressures of varying year-end cross-currents. Volume was a weak 55m shares.

Stock markets, Pages 16, 17

Debt crisis at end, says new Bank head

BY ALAN FRIEDMAN AND WILLIAM HALL IN LONDON

MR Robin Leigh-Pemberton, the man designated to be the next Governor of the Bank of England, said last night that the international debt crisis was over. He also expressed his confidence that the international banking system could deal with current problems without any structural changes.

The Governor-designate voiced his support for a further drop in U.S. interest rates. He said this would be "of tremendous benefit across the world." Each fall in U.S. rates also alleviated the burden of debt on countries.

On the subject of British interest rates, Mr Leigh-Pemberton said: "One hopes that rates can continue to fall. As they go down one hits against the problem of the sterling exchange rate." He stressed, however, that this problem was a matter of judgment on a case-by-case basis.

Mr Leigh-Pemberton expanded last night on his previous statement that inflation was a greater threat to western democracies than Communism.

"The danger about inflation is that it is like a drug; it is insidious and works from within. It destroys financial standards and creates its own expectations and is therefore so much more difficult to cure. Yet if one looks at its effects over long periods of time one can see that it is 'adequate'."

Mr Leigh-Pemberton said it was possible that further debt reschedulings would be necessary. He expressed the view that all the banks which had participated in initial lending to countries such as Mexico and Argentina should "stay there" and continue lending. To en-

sure this may be difficult, but the indications so far were not too disappointing. It would require a "degree of pressure" from central banks.

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Continued on Page 22
Feature, Page 8

Finnish Premier to hand in resignation

BY WILLIAM DULLFORCE IN STOCKHOLM

MR Kaveli Sorsa, Finland's Prime Minister, will submit his Government's resignation today as a result of yesterday's decision by the People's Democrats' parliamentary group to vote against a FM 284m (\$50m) increase in defence spending.

The People's Democrats - an alliance between the Communists and left Socialists - hold three Cabinet posts in Mr Sorsa's coalition which also includes his own Social Democrats, the Centre Party and the Swedish People's Party.

The three ministers had supported the larger defence budget in Cabinet and yesterday refused to resign despite the revolt by their own parliamentary members.

On previous occasions - notably when they decided to oppose the devaluation of the Finnish Mark in October - the People's Democrats have been even though their parliamentarians declined to back government legislation. This time, however, Mr Sorsa has decided to be less pliant.

A new general election is due in March and their waning support in public opinion polls is probably the major reason for the People's Democrats' present intransigence.

The Communists, the dominant partner in the alliance, have been split for years with a minority, Stalinist faction objecting to their participation in Government and consistently voting against government bills.

President Koivisto is expected to ask Mr Sorsa to carry on with the remaining coalition partners until the election. But in the past the Social Democrats have been reluctant to rule in harness with non-Socialist parties, leaving the Communists free in opposition to improve their influence in the trade unions.

OECD warns on prices, Page 2

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Hot money keeps out the cold in Ankara

BY METIN MUNIR IN ANKARA

"WE HAVE literally tons and tons of money to burn," said one of the deputy governors of Turkey's central bank. "Day after day boxes of fifty banknotes are dumped at our doorstep. They come in lorries from all over the country and there is really nothing to be done except to burn them."

He was referring to what in Turkish is called "faevade" money — banknotes which have to be taken out of circulation because they are worn so thin, filthy or torn that they can no longer be used.

For a variety of reasons Turkish banknotes reach retirement age earlier than those of many other countries. The use of wallets is not widespread and most Turks keep their cash in bundles in their pockets. Furthermore, they use ready money more in any other nation in Europe. Cheques are not popular yet and credit cards are a rarity.

The fact that many people write on banknotes does not help their longevity either. From time to time one receives banknotes which, in addition to assorted graffiti, contain hastily made sums, an address or a political slogan.

In what must be one of the wildest examples of optimism, some men write down their name and telephone number in the hope that they might elicit telephone calls from women.

The problem of banknotes marked for an early grave reached its peak in 1977-80 when inflation soared and the velocity of money reached dizzying proportions.

During this period, Turkey was plunged into its worst economic depression and many factories were forced to cut production. The faster it churned out the money, the faster and in greater quantities it returned to the gates of the central bank, dirty and spent.

Turks may handle money roughly but they are among the most economical people in the world. The Central Bank offered to sell the decreed banknotes to Sekit, the state-owned paper manufacturer. Tests showed, however, that because the notes are printed on special paper and with special chemicals, pulping them did not make economic sense.

"The fact that they were filthy beyond description did not help either," said a Sekit official.

So the bank bought a large number of shredding machines, built a crematorium and forgot the problem.

Billions of Turkish lira were cremated and their ash strewn on rubbish dumps outside Ankara until, a few weeks ago, a bank employee (his name is a closely guarded secret) made the brilliant suggestion that the notes be used as fuel.

According to the newspaper Milliyet, he calculated that 2,000 notes were equivalent in fuel value to 1.7 litres of fuel oil. Why not use the money to stoke the furnace in the new block of flats the bank has bought for its senior executives in Ankara?

"We thought it was a great idea," said the deputy governor. "Instead of heating the air over Ankara, we could heat the flats."

Now the bank's 12 storey, 48-ft block in the smart Gazi Osman Paşa district of Ankara has the distinction of being the only one in the world which burns money for heat.



The only hitch, according to the deputy governor, is that because the shredding machines in the bank work only five days a week the block of flats sometimes runs out of money. On some weekends coal, instead of money, has to be burned.

Romania pressed over emigration tax

BY DAVID BUCHAN IN WASHINGTON

THE REAGAN Administration is to send a senior official to Bucharest early next year to warn President Nicolae Ceausescu that unless he drops his planned education tax on emigrants, Romania will lose preferential tariff treatment for its goods in the U.S. market in 1983.

The mission, led by Mr Lawrence Eagleburger, the under-secretary for political affairs who ranks third in the State Department, is expected late next month or in early February, and has been preceded by several lower-level U.S. warnings about the consequences of the tax which Mr Ceausescu announced on November 1.

The tax, expected to come into effect at the start of 1983, would require emigrants to pay the Romanian Government the hard currency equivalent of the full cost of their education, before leaving the country.

Romanian exports to the U.S. benefit from "most favoured nation" tariff treatment, but U.S. law explicitly bars tariff concessions to Communist countries which impose such emigration obstacles.

Since the Ceausescu Government has ignored previous warnings the Eagleburger mission is seen as a final effort to maintain the U.S. policy of favouring a country like Ro-

mania where foreign policy has stayed somewhat independent of the Soviet Union.

Some observers note that Mr Ceausescu has already this year restricted emigration from Romania of ethnic Germans, in retaliation to the cessation of West German export credits because of Romania's financial problems.

They believe that the new emigration tax may be a ploy to try to lever more economic aid out of the U.S.

Romania recorded a \$57m surplus on its trade with the U.S. last year and a surplus of \$13m in the first half of this year. The loss of its tariff status may reverse this trend.

'Hive-off' ruling in French state sector

BY DENIAL WHITE IN PARIS

POTENTIAL LEGAL difficulties in transferring interests of France's large nationalised sector back into private hands have been underlined in recent findings of the Council of State, the official advisory body on legislation.

The Council, which was reporting on an attempted move in the aircraft components industry under the Giscard d'Estaing administration, firmly backed the principle that any hive-off of state interests required the assent of Parliament.

It based its conclusion on Article 34 of the 1958 Constitution which gives Parliament power over the nationalisation of enterprises and the transfer of property of the public sector to the private sector.

Questions were raised by the Council over this last year when the Giscard administration was preparing its Bill to nationalise banks and major industrial groups.

M Pierre Mauroy, the Prime Minister, made clear in his original programme that the Government intended to live off the state-owned industrial shareholdings of the Suez and Faribas banking groups after nationalisation.

A clause in the first draft of the Bill provided for these groups' holdings in companies outside the banking and insurance fields and not linked to public sector interests to be offered for sale.

This clause was eventually dropped at committee stage in order to shorten an already lengthy debate on the nationalisation programme. But the Government reiterated its intention to hand these interests back to the private sector.

The Council, which has a purely consultative role, has focused again on the legal problems of de-nationalisation by finding that the previous Government acted unconstitutionally by placing a state sector company under private control.

This involved a merger of two aircraft components companies — Snea, controlled by state interests, and Crouzet, controlled by private interests. The result of the operation, which included an injection of new capital into Snea, was that the state ceded its majority in the company.

The move was opposed by Snea staff, and was superseded this year by a fresh reorganisation in which the state-owned Adveptiale emerged with control of Snea and a large shareholding in Crouzet.

The Council's finding therefore has no direct impact. But it makes the Government's task no easier in fulfilling its pledge to avoid "creeping" nationalisation.

Any move to de-nationalise through legislation would risk meeting opposition from some sectors of the Left's majority in the National Assembly.

Washington seeks military facilities in Portugal

BY DENIAL WHITE IN PARIS

THE U.S. has asked Portugal for the first time in exchange for increased U.S. help in retaining the country's military forces, Portuguese officials said yesterday.

The officials, who asked not to be named, said the U.S. had asked to build a satellite-tracking station and wanted access to a number of air bases on the mainland.

At present, the U.S. only has use of the strategic Lajes air base in Portugal's mid-Atlantic Azores Islands.

The U.S. and Portugal earlier this month began formal negotiations in Lisbon on renewing the Lajes agreement, which expires on February 4.

U.S. Embassy officials said the U.S. was seeking a "broader security relationship" with Portugal. They said the U.S. delegation at the Lajes talks had made a number of proposals for access to additional facilities, but they declined to give details.

Portuguese officials said the U.S. had asked for a missile-tracking station in mainland Portugal and wanted to station tankers at a number of mainland airports and build additional fuel stores at Lajes to help transport the new U.S. rapid deployment force.

There was no question, however, of the U.S. wanting to store nuclear warheads in Portugal and Washington had not asked to station fighter planes or medium-range bombers at any mainland base, they added.

U.S. rates chance of 1983 accord in Start talks as fair

BY ANATOLE KALETSKY IN WASHINGTON

THERE IS a 50-50 chance of reaching a nuclear weapons agreement with the Soviet Union at the strategic arms reduction talks (Start) by the end of 1983, General Edward Rowley, the chief U.S. Start negotiator, said yesterday.

The Start negotiations have been progressing more rapidly than the strategic arms limitation talks (Salt) in the mid-1970s and most of the preliminary problems have now been cleared away, Gen Rowley said in a television interview.

The process of "getting rid of the underbrush" of preliminary issues has taken only six weeks in retaining the negotiators in Geneva, compared with two years in the Salt talks, according to Gen Rowley, who represented the U.S. joint Chiefs of Staff at Salt between 1973 and 1978.

He noted, however, that the new Soviet leadership was negotiating with "a great deal more sophistication and more

cleverness" than the Brezhnev Government.

The separate talks on medium-range nuclear weapons, also in Geneva, are making less progress, according to other U.S. officials.

On Tuesday President Ronald Reagan again dismissed Mr Andropov's proposal for cutting Soviet missiles in Europe in exchange for non-deployment of U.S. Pershing and Cruise missiles in Europe.

Officials say Mr Andropov has yet to respond seriously to President Reagan's "zero option," which would require both the Soviet Union and the U.S. to forego all medium-range missiles in Europe.

Rise in Mexican oil exports forecast

PEMEX, Mexico's state petroleum monopoly, estimates that oil exports in 1983 will reach \$16.5bn (£10.5bn) compared with \$14bn this year, AP-DJ reports from Mexico City.

Sr Mario Ramon Beteta, Pemex director, made the prediction earlier this week when he announced Mexico would maintain its oil prices for the time being.

The government company has not revealed its marketing plan for next year.

This year the Government set an export ceiling of 1.5m barrels a day that exceeded the guideline during the last three months of the year when it was pressed for dollars to pay off its huge foreign debt. Since October, exports have averaged 1.7m barrels a day.

Imported goods supply dwindles

THE weakness of the Mexican peso, combined with tough Government restrictions on imports, is reducing supplies of many goods, AP-DJ reports from Mexico City.

Foreign-made consumer items such as television sets, audio and video recording equipment, clothing, French shoes and imported luxury goods can still be found, but supplies are dwindling. Shopkeepers say most items that remain were brought in months ago, before the latest devaluations of the peso and before a Government clamp-down on imports.

At 150 pesos to the dollar, it takes almost six times as many pesos as a year ago to buy a particular dollar-priced import.

Stores that stocked foreign-produced goods are gradually substituting Mexican-made products.

OECD warns of Finnish prices surge

BY DAVID HOUSEGO IN PARIS

FINLAND'S Prime Minister, Mr Kalevi Sorsa, will submit his government's resignation to President Mauno Koivisto today following yesterday's decision by the People's Democrats parliamentary group to vote against a FM 264m (£30m) increase in defence spending.

The People's Democrats, an alliance between the Communists and Socialists, held three cabinet posts in Mr Sorsa's coalition, which also includes his own Social Democrats, the Centre Party and the

Swedish People's Party. The three ministers had supported the larger defence budget in cabinet and yesterday refused to resign despite the revolt by their own parliamentary members.

On previous occasions — notably when they decided to oppose the devaluation of the Finnish mark in October — the People's Democrats have been allowed to remain in government even though their MPs declined to back government legislation.

A general election is due in March and their waning support in public opinion polls is probably the major reason for the People's Democrats' intraparty split.

The relatively small increase in defence spending was intended to alleviate unemployment by allowing orders for equipment to be placed with Finnish companies.

The Communists, the dominant partner in the alliance, have been split for years with

a minority, Stalinist faction objecting to their participation in government and consistently voting against government bills.

President Koivisto is expected to ask Mr Sorsa to carry on with the remaining coalition partners until the election. But, in the past, the Social Democrats have been reluctant to rule in harness with non-Communist parties, leaving the Communists free in opposition to improve their influence in the trade unions.

Mobil finds oil off Dutch coast

By Richard Johns

THE NETHERLANDS' hopes of reducing significantly its dependence on imported oil were increased yesterday as Mobil announced a potential strike in its off-shore waters.

A healthy flow rate of 1,500 barrels a day of light 40 degree API gravity oil was reported from a reservoir drilled at a depth of almost 1,900 metres in block P/8 about 40 miles west of the port of IJmuiden.

The reservoir is almost certainly part of the same structure discovered by Amoco in the neighbouring P/9 block which is to be exploited.

A Mobil spokesman in The Hague acknowledged yesterday that a joint development programme was likely, but added that further exploration wells would have to be drilled.

Amoco apart, Union, Conoco and the Shell-Exxon partnership have already gone ahead with the production of discoveries made on the Dutch continental shelf. Though small so far in comparison with the bigger British and Norwegian ones, they have been at relatively shallow depth and near to the coast.

Denmark expected to stand by rejection of EEC fishing offer

BY HILARY BARNES IN COPENHAGEN

DENMARK'S ALL-PARTY committee on European Community affairs is expected to stick to its rejection of the EEC's proposed Common Fisheries Policy (CFP) at a crucial meeting today only hours before the Community's offer to Denmark expires.

The committee's majority, consisting of the anti-tax Progress Party, the Social Democrats and two small socialist parties, is out of step with the minority Government, which has recommended acceptance of the improved offer.

There are no signs that opposition to the CFP is weakening, and Mr Henning Grove, the Fisheries Minister, has failed to persuade fishing organisations that Denmark has more to gain

by accepting the policy than by holding out for further negotiation.

The fisheries bodies believe that if Denmark rejects the proposals, the country will be able to extract better terms within a few months. Mr Laurids Toornæs, chairman of the fishermen's association and a Liberal member of Parliament, predicts that negotiations will be resumed in the spring.

Mr Karl Hjortnaes, a former fisheries minister and spokesman on the subject for the Social Democrats, has said that his party is not willing to go to the EEC proposals as long as the fisheries organisations find them totally unacceptable.

Mr Grove briefed the EEC

affairs committee yesterday on the arrangements for fishing in Community waters which will be implemented by the Commission if the Danes continue to oppose the CFP. They will be based on proposals made by the Commission last June and are considerably less advantageous to Denmark than the offer made just before Christmas.

"Nineteen-eighty-three is going to be a difficult year for our fisheries," said Mr Grove yesterday. "There will be no mackerel quota from January 1 and Denmark will only be permitted to catch 44,400 tonnes of cod, compared with about 60,000 tonnes in 1981 and 1982."

Navy warned Page 5

Brussels counts cost of playing host to European Community

BY GILES MERRITT IN BRUSSELS

BRUSSELS HAS been totting up the debts and credits of playing host to the EEC, in a study reminiscent of Mr Micawber's advice to David Copperfield on financial husbandry.

The result is neither happy nor misery but, predictably enough, confusing. Lost tax revenues (Eurocrats have special status) are estimated at Bfr 3.5bn (£45m). Additional spending (due to Eurocrats' wealth and increasing numbers) is put at Bfr 5bn (£65m). From local rents to restaurants, from office tax receipts to EEC visitors' bednights in hotels, the report juggles with a bewildering array of pros and cons.

The Euro circus that revolves around the European Commission's Berlaymont building, those housing the EEC Council of Ministers and the European

Parliament is sizeable and growing. There are 8,600 Eurocrats, of whom about a quarter are Belgian, and getting on for 2,000 attendant diplomats. Lumped with these foreign bodies who, Belgians complain, mix little if at all with the Brusselsites, are the 345 foreign correspondents accredited to the EEC.

These aliens may live in a world of their own — congregating in suburban ghettos and sending their children to special "European" schools — but at least they spend an average three-quarters of their incomes in Belgian francs on Belgian goods.

In meticulous detail, the analysts of the Brussels-based Centre d'Etudes et de Recherches Urbaines have reckoned up the aliens' housing costs at some Bfr 1bn (£13m) a year, their food bills at Bfr 855m (£10.8m) their lavish spending in restaurants

and bars at Bfr 850m and their purchases of consumer goods such as furniture at Bfr 430m (£5.8m). On the debit side, the report somewhat ungraciously suggests that all this conspicuous consumption has fueled inflation.

The study might seem to some Eurocrats a rather grudging way of celebrating the EEC's transformation from the Six into the Nine. Ten years ago, before crisis had engulfed their own economy, few Belgians would have dreamt of looking the EEC gift-horse in the mouth. But at least their inspection has produced a few interesting insights into the workings of the Commission itself.

Long-winded Eurocrats, it seems, spend a small fortune amounting to Bfr 225m (£2.9m) a year on telephone calls and a further Bfr 160m (£2m) on "office equipment."

Washington seeks military facilities in Portugal

BY DENIAL WHITE IN PARIS

THE U.S. has asked Portugal for the first time in exchange for increased U.S. help in retaining the country's military forces, Portuguese officials said yesterday.

The officials, who asked not to be named, said the U.S. had asked to build a satellite-tracking station and wanted access to a number of air bases on the mainland.

At present, the U.S. only has use of the strategic Lajes air base in Portugal's mid-Atlantic Azores Islands.

The U.S. and Portugal earlier this month began formal negotiations in Lisbon on renewing the Lajes agreement, which expires on February 4.

U.S. Embassy officials said the U.S. was seeking a "broader security relationship" with Portugal. They said the U.S. delegation at the Lajes talks had made a number of proposals for access to additional facilities, but they declined to give details.

Portuguese officials said the U.S. had asked for a missile-tracking station in mainland Portugal and wanted to station tankers at a number of mainland airports and build additional fuel stores at Lajes to help transport the new U.S. rapid deployment force.

There was no question, however, of the U.S. wanting to store nuclear warheads in Portugal and Washington had not asked to station fighter planes or medium-range bombers at any mainland base, they added.

Mr Howard Grey, Miami chief executive yesterday pledged a full inquiry into the incident, at the same time praising police and community leaders for deterring what could have escalated into a full-scale repetition of the three days of violence the city underwent in May 1982.

Overtown, north of the central business district, borders on Liberty City, focal point of the earlier riots, in which 18 died.

A police cord set up around Overtown was lifted yesterday morning and the area was quiet.

The man shot in the arcade, Mr Nevell Johnson, aged 21, was alleged to have admitted to the policeman that he had a gun. As one moved to arrest him, Johnson "moved suddenly and the officer's gun discharged," according to Mr Kenneth Harms, Miami police chief.

Revolver and night stick at the ready, a Miami police officer stands guard as firemen extinguish a car set alight by rioters. Hundreds of black residents of the city's Overtown district, angered after police shot and fatally injured a black suspect in a head-on car-games arcade, besieged the building on Tuesday night throwing stones, bottles and firebombs.

A looter was killed by a gunshot wound to the chest and at least four others were wounded in the shoot-out which ensued. Two passing motorists were also injured when stones crashed through their windscreenes, Reuters and AP report.

Six vehicles were set on fire and other scattered places were started in the area. As many as 200 police were drafted in, including three special weapons teams in combat gear, to free the two officers trapped inside. A total of 29 were arrested.

The Council, which has a purely consultative role, has focused again on the legal problems of de-nationalisation by finding that the previous Government acted unconstitutionally by placing a state sector company under private control.

This involved a merger of two aircraft components companies — Snea, controlled by state interests, and Crouzet, controlled by private interests. The result of the operation, which included an injection of new capital into Snea, was that the state ceded its majority in the company.

The move was opposed by Snea staff, and was superseded this year by a fresh reorganisation in which the state-owned Adveptiale emerged with control of Snea and a large shareholding in Crouzet.

The Council's finding therefore has no direct impact. But it makes the Government's task no easier in fulfilling its pledge to avoid "creeping" nationalisation.

Any move to de-nationalise through legislation would risk meeting opposition from some sectors of the Left's majority in the National Assembly.

Romania devalues

Romania yesterday devalued its currency against the U.S. dollar by 11.4 percentage points on the tourist rate of exchange. The new rate is Lei 12.50 to the dollar. The rate for other Western currencies and the Yugoslav dinar will be adjusted accordingly, AP reports from Bucharest.

U.S. rates chance of 1983 accord in Start talks as fair

BY ANATOLE KALETSKY IN WASHINGTON

THERE IS a 50-50 chance of reaching a nuclear weapons agreement with the Soviet Union at the strategic arms reduction talks (Start) by the end of 1983, General Edward Rowley, the chief U.S. Start negotiator, said yesterday.

The Start negotiations have been progressing more rapidly than the strategic arms limitation talks (Salt) in the mid-1970s and most of the preliminary problems have now been cleared away, Gen Rowley said in a television interview.

The process of "getting rid of the underbrush" of preliminary issues has taken only six weeks in retaining the negotiators in Geneva, compared with two years in the Salt talks, according to Gen Rowley, who represented the U.S. joint Chiefs of Staff at Salt between 1973 and 1978.

He noted, however, that the new Soviet leadership was negotiating with "a great deal more sophistication and more

cleverness" than the Brezhnev Government.

The separate talks on medium-range nuclear weapons, also in Geneva, are making less progress, according to other U.S. officials.

On Tuesday President Ronald Reagan again dismissed Mr Andropov's proposal for cutting Soviet missiles in Europe in exchange for non-deployment of U.S. Pershing and Cruise missiles in Europe.

Officials say Mr Andropov has yet to respond seriously to President Reagan's "zero option," which would require both the Soviet Union and the U.S. to forego all medium-range missiles in Europe.

The government company has not revealed its marketing plan for next year.

This year the Government set an export ceiling of 1.5m barrels a day that exceeded the guideline during the last three months of the year when it was pressed for dollars to pay off its huge foreign debt. Since October, exports have averaged 1.7m barrels a day.

Foreign-made consumer items such as television sets, audio and video recording equipment, clothing, French shoes and imported luxury goods can still be found, but supplies are dwindling. Shopkeepers say most items that remain were brought in months ago, before the latest devaluations of the peso and before a Government clamp-down on imports.

At 150 pesos to the dollar, it takes almost six times as many pesos as a year ago to buy a particular dollar-priced import.

Stores that stocked foreign-produced goods are gradually substituting Mexican-made products.

Falklands dead haunt the junta

IT IS many years now since the word "disappeared" was firmly fixed in the Argentine political vocabulary. "Desaparecidos" — the missing — has become a political term for unidentified paramilitary groups on orders of Government and subsequent disappearance without trace.

Since the end of the Falklands war, the word "desaparecido" has taken on an added meaning. It is the explanation which has been offered by the military authorities when asked about the whereabouts of hundreds of Argentine soldiers, sailors and pilots who never returned from the Falklands and who do not feature on the official list as "killed in combat".

To say that the official explanation has not satisfied the many Argentine families who have asked about their sons is an understatement.

The majority of them believe, or at least have willed themselves into believing, their sons are alive and readily accept rumours which support that view.

The rumours, which have been given ample coverage in the local Press, range from suggestions that survivors of the cruiser General Belgrano were picked up by Soviet submarines and are now in Moscow to the "certainty" that there are numerous Argentine prisoners of war being held hostage by the British on the Falklands.

transfer of Argentine bodies from the Falklands, to as they referred to it, mainland Argentina.

Sr Jorge Vazquez, a 31-year-old former marine who was among the first to land in the Falklands in April, heads the Malvinas Veterans Centre, a growing movement which is helping to channel the bitterness and frustration felt by many of the 10,000 troops that were involved in the conflict.

The veterans suspect the reluctance shown by the military authorities over the repatriation of the "disappeared" has less to do with sovereignty than with political expediency.

Earlier this month, a military parade called by the authorities to honour the fallen ended in chaos when a relative refused to accept a medal from a senior general and hundreds of veterans staged an unprecedented sit-in.

The veterans are critical of the way the military authorities are growing the movement which is helping to channel the bitterness and frustration felt by many of the 10,000 troops that were involved in the conflict.

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UK NEWS

Navy warned that Danes may defy fishing limits

BY MARK MEREDITH, SCOTTISH CORRESPONDENT

THE GOVERNMENT yesterday briefed the Navy and fishery protection fleets on possible attempts by Danish fishermen to defy new EEC fishing agreements which come into force on New Year's Day.

But Lord Mansfield, the Scottish Minister for Agriculture and Fisheries, said he thought a confrontation with the Danes on the high seas was unlikely. Denmark has refused to accept a Common Fisheries policy worked out by the Community over the past few months.

Confrontation with the Danes is improbable because the new EEC regulations do not apply to industrial fishing—fishing for fishmeal and fish processing plants as opposed to fishing for human consumption.

Scots fishermen in deep water

UNITY among Scottish fishermen, who account for more than half the UK's catch, has started to fall apart within sight of a common fisheries policy.

The Federation represents about 65 per cent of the fish landed in the UK, whereas the largest body south of the border represents only about 20 per cent.

The Federation represents about 65 per cent of the fish landed in the UK, whereas the largest body south of the border represents only about 20 per cent.

The disputes pit the big East Coast fleets against the small inshore boats of the West Coast and Orkney. Mr Robert Allan, chief executive of the Federation, describes the decision to pull out as "a catastrophe".

Mark Meredith looks at the problems caused by the local associations' pull-out decision.

The local federations may now group together, though their individual claims differ considerably. They want regional management of waters in their catch—on a pilot basis, if not actual local supervision of the proportion of fish in their local waters reserved for themselves.

Attack on planned private sector role in renewal of inner cities

PRIVATE SECTOR involvement in planning inner city renewal, as set out in a report published this week by community organisations in Newham.

The target of the report, prepared by a consortium of local voluntary and statutory groups concerned with employment, is a plan for the South Canning Town area of docklands drawn up by the U.S. City Venture Corporation at the invitation of the London Docklands Development Corporation.

Local groups have hit out at a scheme for the docklands area. Stephen Marks reports on the design of programmes and choice of equipment. The draft also refers to financial and business advice services being made available by Control Data Business Advice and Control Data Credit Services.

Central to the report is the claim that the City Venture proposals, submitted in June, are "little more than a thinly-disguised sales pitch for Control Data products and services."

Control Data, City Venture and the LDDC are all delaying comment on the report until after the IDDC's next board meeting in mid-January.

The three main City Venture proposals are for a Business Technology Centre (BTC); a seed capital fund for new businesses; and comprehensive job-readiness training, career-education and technical training, all based on Control Data's Plato computer system, already being used by the Manpower Services Commission in Coventry.

The Business and Technology Centre would offer manufacturing and office space, leased to small businesses, with each unit "linked" to centrally-shared facilities offering a complete range of computer-based technology.

However, the Newham Employment Consortium questions the need for such premises which, it claims, "are indeed available through much of Newham, and the take-up has been slow."

There is also a Greater London Council technology centre in Whitechapel. While none of these offer a range of on-site computer services, the consortium argues that these are readily available from local computer bureaux offering a range of microcomputer services.

LABOUR

Engineering union urges action on training

By Our Labour Staff

ENGINEERING companies took on only 8,500 apprentices in 1982, against an agreed need for 25,000, according to a pamphlet published today by the Technical, Administrative and Supervisory Section of the Amalgamated Union of Engineering Workers (Tass).

The pamphlet, Tass on Training, says: "If no action is taken on skills shortages any upturn will be throttled by major bottlenecks throughout engineering. The Government's vaunted Youth Training Scheme will do nothing to provide the technicians and technicians we shall need in the decades to come."

Unemployment likely to rise in New Year

UNEMPLOYMENT is likely to increase in the New Year, according to a survey of 1,284 employers published today by Manpower, the temporary services company.

Although the rate of job losses is slowing down, nearly one in five employers forecasts job cuts in the first quarter of 1983.

TUC reports uphill struggle for further cuts in working hours

BY PHILIP BASSETT, LABOUR CORRESPONDENT

THE TUC said yesterday that, while almost all workers have had cuts in their working hours since the start of the TUC's campaign to reduce working time in 1979, progress towards further reductions is proving difficult.

In a report on its campaign for a 35-hour working week, six weeks' annual holiday and the option of early retirement on adequate pensions, the TUC said workers in areas badly hit by the recession and areas of low pay had not had their hours cut.

About 6.5m manual workers, some two-thirds of the total, have achieved reductions in their basic weekly hours to below 40, but the TUC said few had had their hours cut below this level.

Views among unions on the extent to which progress will continue to be made "on the issue. It said ruefully that claims for reduced working time were now submitted "almost as a matter of course," but with differing results.

One TUC-affiliated union has told the TUC that where basic weekly hours are cut, expectations of further cuts are diminished. However, the review noted a number of settlements had cut hours for the second or third time, including agreements in the electricity supply, plumbing, drugs and fine chemicals industries, and at Reed Decorative Products, Shulton GB and Colman's of Norwich.

The report said: "A number of unions suggest that the rate at which reductions in the working week are being made is slowing down." Accordingly, the TUC is turning more to a legislative solution under a future Labour Government, while still stressing the need to emphasise certain areas for action, such as the low-paid.

Labour Government, while still stressing the need to emphasise certain areas for action, such as the low-paid. The TUC has consulted its affiliated unions on the issue, and the review said the majority favoured a legislative initiative to back up efforts to cut hours through collective bargaining.

Some unions, however, were still opposed to legislation and support was limited in others. Accordingly, the TUC General Council has taken no decision in principle but will discuss the issue over the next few months in the TUC-Labour Party liaison committee.

The two main areas for possible legislation seem to be the form of legally enforceable limits which could be applied to working time and the use of state financial incentives to subsidise labour recruitment which is coupled with reduced hours for other employees.

Test case for London weighting

BY DAVID GOODHART, LABOUR STAFF

THE RESULTS of a Post Office Arbitration Tribunal—expected next week—will be a vital test case for the future of London weighting, according to the British Telecom unions.

The unions believe that the arbitration's findings—which apply to 75,000 BT employees—will be taken as a benchmark for future awards following the Government's decision to stop publishing Department of Employment London weighting figures on the extra cost of working in the capital.

BT is also pressing to include above the Department of Employment figure of 16.7 per cent for 1982.

BT has seldom paid the full figure but union officials claim that it has always had a direct influence on the award. Officials now fear that following the lead given by the Government in abolishing the indices, BT and other major employers will pay only the minimum necessary to recruit staff.

Mr Tony Clarke, deputy general secretary of the Union of Communication Workers, said: "BT has taken the department's indices as an important reference in recent years but it was clear from the tribunal hearing that they now want to pay a far lower figure—even for the 1982 award."

Lucas said the agreement introduced the kind of changes any progressive management would wish to see in the light of probable legislation on data protection.

Lucas and staff agree on data secrecy

By John Lloyd

AN AGREEMENT protecting personal information, and allowing access to it, has been signed between Lucas and its white-collar unions. It is thought by the unions to be the first of its kind in the UK.

The agreement between Lucas and the white-collar unions Apex and ACTSS, a section of the Transport and General Workers' Union, brings the company into line with data protection provisions which its foreign subsidiaries, especially in Europe, must observe.

Mr Simon O'Leary, an Apex convenor at Lucas, said that the company feared its data banks in the UK would be "blacklisted" by other countries if the agreement was not introduced.

Among its main clauses, the agreement specifies that all data must be used for management purposes and not be released to outside bodies, such as government agencies, without employees' knowledge.

It also allows for reasonable access to data by employees, codes of practice to be used in handling employees' data, and prior agreement on any changes in procedure.

Advertisement for Krugerrand gold coins. It features three panels: '1929 The Wall St Panic', '1930 U.S. Banking Trouble', and '1974 Shares Index Plunges to 16 Year Low'. Below the panels is the headline 'HAS HISTORY TAUGHT US SOMETHING ABOUT GOLD?' and a table of London Gold Prices (Per 100 Fine Gold) from 1971 to 1982. The table includes columns for Highest, Lowest, Average, and Inflation Index, with corresponding values for each year.

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MANAGEMENT : Marketing

EDITED BY CHRISTOPHER LORENZ

Putting your trust in the middle man

Rosemary Burr describes the individual marketing approach of a financial services company

THE comforting thud of brown envelopes stuffed with pound notes is no longer a regular Monday morning sound. Unit trust offices in the early 1970s unit trust groups advertised their funds in the weekend papers and the money just rolled in.

Now the whole savings scene is much more competitive and there is an increasing number of unit trust groups vying to sell their wares. Their problem is how to project an image of having the best fund manager in a field where there is limited scope for product differentiation and advertising is strictly regulated.

Henderson Unit Trust Management, a relative newcomer to the industry, decided the best approach was to sell itself to the financial intermediaries who in turn advise clients about which products to buy. This year around 90 per cent of its sales were generated from such advisers, probably the highest figure in the industry.

The group has grown at a brisk pace since October 1974 when it acquired £18m unit trust assets from ailing banking group J. H. Vasseur. Last year it had advanced to the number six slot with a market share of 4.6 per cent and funds under management of £1.2bn.

The idea behind unit trusts is very simple. They provide a way for a large number of investors to pool their money in order to obtain a spread of shareholdings. The individual buys units in a trust. Individual holdings are priced according to the unit trust's net asset value rather than by the supply and demand for a company's shares.

Compared with investment trusts, which are quoted companies that run investment portfolios, unit trust managers have greater scope for marketing their product. Unlike quoted companies they do not have to sell their units directly to the public and guarantee investors that they will be able to sell their units at a price reflecting the underlying portfolio of the trust.

As Peter Pearson Lund, Henderson's marketing director explains: "We set out to bring unit trusts into the forefront of advisers' minds." The group detected what it calls an information gap: financial advisers were contacted on an infrequent basis by letter. "There



Peter Pearson Lund: "We set out to bring unit trusts into the forefront of advisers' minds"

was an enormous communication gap which it did not take a genius to spot," says Pearson Lund.

So Henderson drew up a list of individuals, stockbrokers and insurance brokers who were involved in advising private clients. The names are updated regularly with the addition of new intermediaries even if these people have not done any unit trust business in the past.

Category

These are then contacted by one of the group's sales staff to find out just how much information they would like. Advisers are divided into three categories according to their requirements rather than the amount of sales they generate.

Those in the first category get regular calls about shares about twice a week depending upon the markets' activity. The second group will probably be telephoned once a month. The third bunch just receives Henderson's literature and quarterly tapes.

All advisers are invited to seminars held by the group's fund managers and get a

monthly investment newsletter, a quarterly fact folder giving up-to-date information on the markets and advance information on new products. The group has five sales consultants operating from London. Two people look after stockbrokers, one concentrates on the West End of London, another on the City and the fourth's beat is the South East.

There are three regional offices, each staffed by a salesman and personal assistant who are trained to respond to queries. A Birmingham office is intended to be added to those in Manchester, Glasgow and Bristol.

The group is keen to get the wondrous of modern technology working on its behalf. It has already started putting its London investment seminars on cassette for regional distribution and a video of its Hong Kong investment team in action will shortly be made.

The concentration on servicing the needs of financial advisers has inevitably shaped the company's products. It has produced an extensive range of specialist trusts and insurance linked products as this satisfies

the demands of brokers.

The intermediaries appear to enjoy the cossetting they receive from Henderson. Robin Boyle, a partner in stockbrokers Capel-Cure Myers, reports: "The group phones us regularly. The seminars are pretty impressive and much more sophisticated than some rivals, who give the impression their seminars were stuck together in five minutes."

Richard Cockcroft, managing director of Towry Law, which claims to be the largest independent specialist in personal financial planning and channels about £5m each year into unit trusts, agreed with this sentiment. "First the group has got to have a good track record. Henderson has a very good record. Then the company which provides the best service and information wins hands down," he says. Cockcroft thinks Henderson leads the field at present but other groups are catching up.

Within the industry Henderson's marketing techniques have many fans and a handful of detractors. Save and Prosper, the industry's giant which has seen its market share whittled down from 21.6 per cent in

1977 to just over 15 per cent, thinks there is some merit in Henderson's approach.

Tony Doggart, S&P's sales director, says: "We inevitably lost out to new competitors. A great chunk of new money goes into newly-launched funds. Henderson has been very good at introducing the people who run the funds to the brokers. It's part of the reason for its success."

Volunteers

However, M&G, the perennial bridesmaid of the sector, takes a relaxed view of the growth of newcomers such as Henderson. M&G is the oldest unit trust group and derives more than 20 per cent of its business from sources other than intermediaries.

Deputy chairman at M&G, John Fairbairn, says: "We have built up a solid caucus of customers. We want our unit holders to be volunteers, not conscripts." The amount of advertising the group does depends on the state of the markets and quite a lot is aimed at creating an interest in equities," he continues.

Despite much praise, there are a few chinks in Henderson's armour. Boyle says: "If you are trying to plan a portfolio, you open the FT and see Henderson has 14 UK funds. Which one do you choose? At M&G there is a guy who will help you."

Pearson Lund admits that if someone queried about which UK fund to choose a general discussion about the merits of each trust would develop. However, Henderson seems to be aware that by tailoring its range to suit the intermediaries, it has partly lost sight of the small investor.

So the group has now produced two packages of funds, one for those seeking income and another for those wanting capital growth. The monthly income plan launched this May consists of holdings in four unit trusts and has attracted £1m. The growth portfolio of holdings in three trusts was set up this month and is currently being circulated to intermediaries.

Although most unit trust groups favour cultivating the intermediary to a greater or lesser extent, Framlington, a small but fast-growing group, has steered clear of this route. Tim Miller, a Framlington director, thinks it is unwise to depend on such a limited source for most of your business.

Framlington does not pay advisers a marketing allowance for selling its funds, and leans heavily on advertising. However, Henderson is wary about using advertising as its main marketing tool; it argues that this is an ineffective way of selling at the best time for an investor to buy, namely the bottom of a market.

While some unit trust groups fear their products will be cold-shouldered now intermediaries who sell unit trusts are required to become licensed dealers, Henderson seems unconcerned despite its dependence on the sector.

Pearson Lund expresses the hope that most of the advisers who sold Henderson units would choose to get the required licence but added that anyway brokers could go on selling the group's unit-linked products.

"In two or three years' time after Gower has reported there will probably be regulation of everyone who sells financial products anyway," he argues.

The phone call that provides a key to business overseas

ESTABLISHING a physical presence abroad without actually being there might sound like a contradiction, but it is a concept that more and more international companies are buying.

It is all done by telephone and is based on that tantalising facility, the transfer charge call.

Service 800 is a worldwide toll-free telephone system, now available in 50 cities, which enables clients to engage in international business with an overseas company, for the cost of a local telephone call.

The subscribing company foots the overseas part of the bill. To a commercial world increasingly looking overseas for its livelihood, this technique of bringing the clients to the business rather than taking business to the client — via expensive local offices — can be very attractive.

The system is operated in agreement with local telephone authorities around the world. Subscribers are allocated local phone numbers in foreign cities where they wish to do business. Calls made to the local numbers are automatically diverted to the subscriber's main or branch office. Thus such links as London to Hong Kong, New York to Bahrain and Frankfurt to Singapore can all be made for the cost to the client of a local call. There is no delay in booking a long-distance call and the client gains immediate access to the specialist or office concerned, where matters such as reservations, complaints, and so on, can be dealt with immediately.

The possibilities for marketers, advertisers and others is immense. In the U.S., where the idea first took root as a domestic operation, toll-free dialling has proved itself an effective direct marketing tool.

Quaker Oats claimed a record 15m calls from a contest it ran last summer for its Cap'n Crunch cereal. Four hundred automatic answering machines told callers to dial 800-456-7890 whether a map of their pocket made them a winner of one of 5,000 bicycles.

When Campbell Soups wanted to test its new television commercials it asked viewers to call with their opinions about the ads. Procter

and Gamble, which receives 300,000 letters a year from consumers in the U.S., says it attracts the same number of toll-free calls regarding its products.

In 1978, System 800, a Swiss-based private company, took its idea across Europe. Since then Britain has become the answering centre for Europe with over half the toll-free calls coming into London. This is largely because of the capital's premier financial standing and the fact that London is the European headquarters for many American-owned multinationals.

All types of business make use of System 800. Many of the existing subscribers in Europe are stockbrokers, such as Goldman Sachs, Morgan Stanley and Salomon Brothers, which have an international clientele. Other users include airlines, hotels, catalogue sellers, publishers, credit card companies and other financial institutions.

Multi-lingual

Swedish clients of the Sheraton Hotel group, far inland, can dial a local number, widely advertised in Stockholm. This directs them to a central booking office in London where they can reserve a hotel room in Paris. Another example is Digital Equipment Services, a computer manufacturer with two technical centres in Europe. If any of its computers breaks down, a client simply calls a local number and is connected toll-free to one of the centres. The multi-lingual staff is on call 24 hours a day seven days a week. The company claims by this means to solve 50 per cent of its problems over the phone.

The cost of subscribing to System 800, for instance, in London, would be just over £300 for installation plus just under £200 per month rental. Normal telephone charges apply. But there is no additional mark-up.

System 800 operates in most of Western Europe, North America and much of the Far East; Saudi Arabia is one of the most recent connections.

Feona McEwan

TECHNOLOGY

DEVELOPMENTS IN COIN-IN-THE-SLOT MACHINERY

Chips in the hot slots

BY ALAN CANE

TRY SHOWING a German mark or a counterfeit 20p piece in a slot machine equipped with David Bellis's latest innovation and it will throw it back in your face. Literally. A spring loaded carrier behind the coin slot forcibly ejects anything but the correct coin.

Mr Bellis is managing director of Coin Controls, a firm based in Oldham, Lancashire, which is an established front runner in the development and supply of coin controls, the gadgetry which validates and sorts cash loaded into slot machines of all makes and sizes. Also, the U.S.-based manufacturer of video games, is a major user of Mr Bellis's products.

The company was turning over about £2m in 1978; this year turnover is £13,531,687 and exports, at \$5.8 per cent of total sales, came to £8,838,846.

Coin Controls has its own U.S. subsidiary, Coin Controls Inc, distributing its products on the American market. Mr Frank Scansley, an American consultant for the trade journal Play Meter, waxes lyrical about a variety of Coin Controls mechanisms called the over/under coin door. "I find the entire over/under door made by Coin Controls Inc to be virtually trouble free."

The new Coin Controls device is, for the coin slot business, quite revolutionary and involved collaboration between the company, Patcentre and Ferranti.

Patcentre, the R and D arm of PA Consultants, provided the consultancy; Ferranti provided a special kind of chip — an uncommitted logic array — to make the device work and Coin Control provided the specification.

Conventionally, coin acceptance mechanisms depend on pairs of electrical coils between which the coin is allowed to fall. Eddy currents generated as the coin falls slow the coin in a manner related to its metallic content in some models; in others, the changes in the characteristics of the circuit are measured directly. The problem is that there is a lot of electrical noise, making exact measurement difficult (one Deutschmark and one 5p piece give the same answer) and there is a long distance between the coin slot and the coin return (tough on dwarfs and giants).



The new E16 device has only one slot — a coin is either accepted or thrown out by the sprung obturator. The measuring coils are crossed. One acts as transmitter and the other as receiver but current is generated only if a coin passes between the coils — such an arrangement gives greatly increased sensitivity.

There are also a number of electronic anti-fraud measures built in monitoring the position of the coin and the condition of the circuitry throughout the coin's journey. Won't increased use of plastic cards obviate the need for such mechanisms? No, says Mr Bellis: "That's not the gambler's way. They might use tokens but



Mr Jim Roberts of Vendops with the "Slimline 102"

they really like the tinkling, glinting cascade of coins."

Mr Jim Roberts, managing director of Vendops, the vending machine manufacturer, views the development of a plastic card based society with equanimity, even enthusiasm.

Vendops is one of the three large vending machine companies in the UK, the others being GKN/Skey, by far the biggest, and the Danish company Wittenhorst. All the vending machine makers are suffering from the effects of the recession. Mr Roberts says that while two years ago a machine would expect to dispense 650 drinks a week on average, now it is down to only 450. Vendops expects to turn over about £7m this year.

It has, however, a high reputation for innovation in technology. It was the first company to manufacture a totally electronic vending machine; the next step was to add microprocessor controls. The first machine Vendops built with the extra flexibility given by the microprocessor used cups already charged with powdered beverage. Now its Slimline 102 combines the full microprocessor controls with the facility to mix the drink in the cup — giving an increase in quality, Mr Roberts says.

But "intelligent" electronics in the system makes possible a whole range of other options — fault detection through in-board diagnostics, simple restoration of prices, complete records of machine performance.

And it opens the possibility of machines which will accept plastic credit cards rather than cash. Mr Roberts foresees the possibility of firms issuing plastic cards to their workforce to operate vending machines on their premises — an "electronic luncheon voucher," perhaps. Some services would be gratis, others involve on-line deduction of cash from pay.

But Mr Roberts is cautious about when all this might happen. "I would not advise anyone to rush in yet. There are amazing developments in plastic money just around the corner, but it is far better to wait and see how it develops." "What I would expect to see first is a machine which can handle coin or card."

Coin Controls is on 061-678 0111; Vendops on 061-968 5051.

AUTOMATION IN AEROSPACE

Rolls-Royce gets robots off the ground

BY ELAINE WILLIAMS

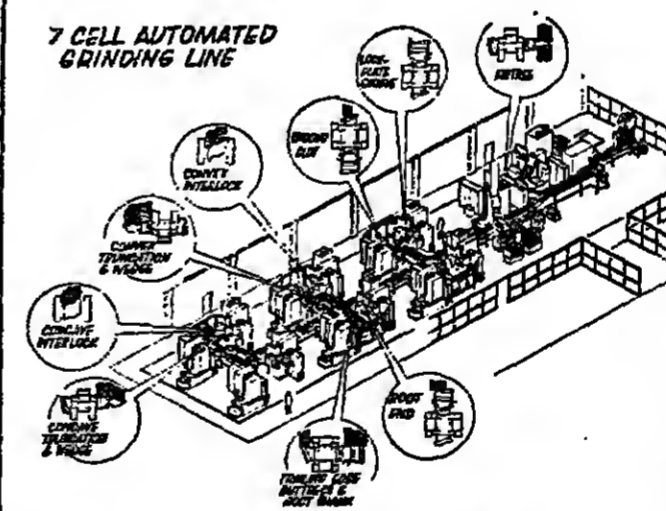


Diagram showing the machining operations automatically carried out on high-pressure turbine blades for the Rolls-Royce RB 211 engine, for example, is a mere four inches long but extracts 500 hp from the gas stream in which it has to function. The blades experience temperatures in the gas stream of 1,400 deg. C and have to survive a centrifugal load of six tons.

Such blades operate under extremely harsh conditions. The high pressure blade in an RB 211 engine, for example, is a mere four inches long but extracts 500 hp from the gas stream in which it has to function. The blades experience temperatures in the gas stream of 1,400 deg. C and have to survive a centrifugal load of six tons.

The introduction of advanced robots by Rolls-Royce stems from the company's decision to concentrate on the manufacture of high technology and high cost engine parts which are produced in relatively large quantities.

Rolls-Royce is making a large investment in automating its production lines at its aerospace factory in Derby.

The first of the company's robot manufacturing systems is now working at its Derby plant. It is machining turbine blades for advanced commercial engines.

The introduction of advanced robots by Rolls-Royce stems from the company's decision to concentrate on the manufacture of high technology and high cost engine parts which are produced in relatively large quantities.

Rolls-Royce has identified several families of components which are ripe for automation. These include compressor and turbine blades, shafts, compressor and turbine discs.

Turbine blades are among the most expensive parts of a zero engine as they require high precision engineering and are made from a high-temperature nickel alloy which is extremely difficult to machine.

EDITED BY ALAN CANE

Processing Better way to deposit materials

A SIMPLER, safer and more efficient way of depositing specialised semiconductor compounds such as indium phosphide on to substrates, the outcome of work at British Telecom Research Labs and Queen Mary College, London, is now being exploited commercially through a recently formed company called Martelsham Enterprises.

The company was formed a year ago by British Telecom in partnership with Lazard Brothers and others to exploit spin-off ideas from BT's research and to sponsor and finance commercial ventures in high technology.

Manufacturing rights to the chemicals in the UK, U.S. and Japan and world selling rights for the chemicals, process and equipment have been awarded to Thomas Anson and Company of Consett, County Durham. Already, orders have been placed by Massachusetts Institute of Technology.

Production of indium phosphide, an important optical detecting and emitting compound used in fibre optic communications systems, has so far been rather hazardous says ME, involving highly reactive metal alkalis and toxic gases such as phosphine. The new materials and processes are said to overcome most of the problems. More on 0207 503131.

Electronics Thyristor controls

A RANGE of single phase thyristor units for controlling ac voltage or current from a single phase supply has been introduced by Endrotherm, based in Worthing, West Sussex. The company says that the model 461 allows selectable firing modes and inputs, partial load failure detection and built-in diagnostic facilities. Further data is available on 0963 68500.

Materials Freezing water pipes

AN AEROSOL spray for freezing pipes during plumbing work is now widely available to the home handyman. Called Arctic Spray, it freezes the pipe in the immediate area forming an ice plug so that work can be carried out without having to switch off the main water supply. The spray takes five to 10 minutes to take effect and the pipe will remain frozen for up to 45 minutes. More information is available on 0928 25308.

Computers Services market grows

ACCORDING TO a recent study carried out by INPUT of London (01-439 8965) there are rapidly expanding opportunities for new companies in the field of servicing personal computers.

Apparently speeding for the service of these machines is growing at about 35 per cent a year and will top \$1.4bn by 1987. That compares with a growth rate of 29 per cent for spending on all other types of computer repair and indicates a major opportunity for third party maintenance vendors.

The researchers believe that personal computer vendors are spending their money on development and promotion. Few have the resources to support a fully fledged nationwide service effort, they say. Instead, vendors are relying on third party maintenance firms. "As the installed base grows and a larger proportion of it goes out of warranty," says INPUT analyst Graham Kemp, "opportunities for these firms will increase exponentially."

THE ARTS

Cinderella/Covent Garden

Clement Crisp

Our Christmas treat this year from the Royal Ballet is the return of Cinderella, balletic and pantomime traditions in merry tandem.

of decrepit sisterhood that it mattered little that the piece was much concerned with what fresh esdanzas of maoice and prinking they could embroider the text.

This year's interpreters have been dutiful, but the roles are no longer funny. It is time, in fact, that the sisters were entirely reconsidered, and re-dressed: their present outfits like their behaviour, mistake grotesquerie for humour.

As now appears usual with the company, the first performance had something of the air of a dress rehearsal, with neither Miss Collier nor Mr

Dowell at their most relaxed or most ingratiating. The season's fairies missed that temperamental assurance which will fill out their brilliant variations to something more than dutiful exposition of steps and only Wendy Ellis, soaring through Autumn's piroettes, made full sense of her solo.

Happily, Wendy Ellis and Stephen Beagley gave the Boxing Day matinee a heart. Miss Ellis, with her tender personality, reassured the charm of the role and of the Ashton manner. In the context of the Royal Ballet today her dancing proposes the traditional virtues of the company style: pretty, eloquent feet; lively speed and precise musicality.

She brings a gentle daring and beguiling innocence to Cinderella's solos, the tone light, with little accents and tiny steps meticulously shown in what amounts to dancing of coloratura skill. Everywhere the sweetness of the character is shown without sentimentality. I thought her adorable and well matched by Stephen Beagley's handsome and technically exultant Prince, the character fleshed out with unforced elegance. A final word must go to Leslie Edwards as Cinderella's father. Across the years Mr Edwards has played this role with a dignity and a sincerity that are ever-fresh and this season it seems even truer and more admirable as a characterisation. We should be very grateful to this distinguished artist.



Julia McKenzie and the chorus in Guys and Dolls

Theatre in 1982 - 2

Good news from the provinces

Life takes on a new, not necessarily improved, interest when the West End fulcrum is removed. Fresh delights appear out of miscellaneous sources from Odham to Southampton, Liverpool to Exeter. Fresh tedium, too, from time to time, but I'll try not to mention any of it.

Shakespeare, often hard to find in London, has been plentiful outside. Hamlet at the Northcott, Exeter, was certainly better than Hamlet at the Young Vic, even if that gave Edward Fox his shot at the Prince. Macbeth at Oxford, on the other hand, was less interesting than the 'workshop' Macbeth at the Swan Theatre at Stratford.

expected of the West End in earlier days. The choice of Penelope Keith for Hobson's Choice was intelligent and successful. Donald Sinden, when he isn't touching foolish farces with a magic that makes them tolerable, should now be in every director's mind when he thinks of Ibsen or Chekhov, and his Vanya was splendid. I was a little less keen on Rules of the Game; it's a play about class, and class-distinction isn't in Leonard Rossiter's bag.

I only wrote about two of the National's productions, this year. Guys and Dolls was beautifully directed by Richard Eyre, who emphasised its quality, a musical for actors; though the songs are in a class by themselves, it takes real acting to put them over. And they had it. Major Barbara was admirably played, with Brewster

more than a modest first draft. I couldn't help wondering if the theatre was consciously catering for Jewish audiences. As for Mrs Margerida's Wog, you had to be up in Brazilian politics for that.

Greenwich had a successful year. I didn't much like Another Country (the author assures me in an amiable way, that I hadn't followed the plot); but in spite of that it became SWET's Play of the Year. They had a good production by Frank Hauser of the Irish government of the time and that I suppose would crumble away in any other time or place. For the rest, we mostly had the usual pictures of Dublin life, and an acid portrait of a man educating the young. Sister Mary Ignatius Explains it All, which in a way is another picture of Dublin life, though written by an American and played by a company from Cork.

Nottingham Rep gave us an unusually good Woy of the World. Oxford gave us Women Beware Women as it played at the Court of Duke Benito Mussolini, which didn't come off. Manchester's Royal Exchange did a first-class Philoctetes, with James Maxwell very good indeed. Exeter's Northcott gave us a rare production of Bitter-Sweet, beautifully staged and beautifully sung.

Jeremy James Taylor's splendidly immoral piece about Gladys, Bendige Bourwelt, and the Cherub company put on a curious but pleasant piece, Landing in Guadaloupe, which seemed to be an anti-colonialist anecdote. The Cherubs have subsequently given us a delightful filmed Twelfth Night.

Outstanding at the Dublin Festival was Hugh Leonard's Kill, a satire at the expense of the Irish government of the time and that I suppose would crumble away in any other time or place. For the rest, we mostly had the usual pictures of Dublin life, and an acid portrait of a man educating the young. Sister Mary Ignatius Explains it All, which in a way is another picture of Dublin life, though written by an American and played by a company from Cork.

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Some collectors' pieces. The Young Vic gave Byron's Marino Faliero, and I hope the actor's name. At the Almeida in Islington, an offshoot of Peter Brook's Paris company gave the peripatetic critics a chance to write about the Bouffes du Nord. A cosy new place at Somming-on-Thames did a delightful mock-Holmes mystery with dinner included in the ticket price. Oldham Coliseum played a musical about the Police. Elizabeth Taylor played in The Little Foxes, some of the time in a bath-tub. The Half Moon played a farce about the Police.

More importantly, the Lvric, Hammersmith showed Tolstoy's Folly, a good piece by the American Lanford Wilson, neglected in this country. At the Nuffield in Southampton there was an interesting new play by Mike Stott, Dead Men, about the private lives of revolutionaries. And in St Pancras Church, the National Youth Theatre gave Elio's Murder in the Cathedral, which I thought the best thing they have ever done, and a good deal better than a lot of things other people have ever done.

B. A. Young reports on a year's theatre going and comes up with a considerable number of worthwhile visits.

I saw and enjoyed the Royal Shakespeare's Dream and their All's Well at the Barbican, and I agreed with the friendly notices written of them when they were at Stratford. But it wasn't Shakespeare I especially enjoyed from this company.

It was Dekker, Middleton and Ford's The Witch of Edmonton which I'd seen in The Other Place at Stratford, and in London reconciled me to the Pit, where the air-conditioning was elusive and a bunch of people representing an imaginary paper took up some of the Press seats. This is a difficult play to do, with a dog, and it was imaginatively and sensitively directed by Barry Kyle. This is my personal pick for Production of the Year.

I was less taken with The Twin Rivers, whose artificial plot shouldn't have been backed with such an arduous production; but I quite liked Lytton's Money, whose list line makes more sense than the last line of King Lear. La Ronde at the Aldwych was a waste of time.

Having written of London in my first sentence, I find myself stuck there. The Haymarket's run of classic plays may not always have pleased today's hypercritical critics, but they were certainly up to the standard we should have

Mason repeating his performance of ten years ago for the RSC. I also saw the interesting revival of The Second Mrs Tanqueray, which came to life very well indeed, and Damon's Death, a play always worth watching.

Guys and Dolls was my Musical of the Year. I thought Mr Chips into a musical and to cast John Mills as the singing star is to rely too heavily on nostalgia. And two musicals...

The official entries for the theatre at the Edinburgh Festival were disastrous. There was an appalling American company who played four Motive farces in one evening, and Wedekind's Lulu pair in a film studio. There was an Italian company who spoke opera libretti without the music. There were some Japanese who hung upside down motionless for long periods. I didn't bring anything much away from the Festival, either; but one always knows it will follow one around for a year or two. (Last year's review surfaced at the Lvric, Hammersmith this season.)

I admired but did not enjoy Diary of a Hunger Strike; I enjoyed the one-man Prelude to Death in Venice; I always go to

Otello/Coliseum

David Murray



Charles Craig and Rosalind Plowright

The voice is soft-grained for the part, without the steel at the top and liable to disappear under the orchestra in the lower register (It came and went disconcertingly in the great duet with Desdemona's attractive warmth of Howlett's mid-baritone range gets little dramatic play in this reading.

The accomplishment and experience of Charles Craig's Otello are considerable assets, and his dignity survived some passages of distinctly flat pitch (and threadbare tone in the 'Eulitate'). Rosalind Plowright's very intelligent, sympathetic Desdemona isn't quite the idealised creature of fantasy, niterly saintly and radiant; Miss Plowright (probably with prompting by Dr Miller) is thoughtful, but more sensible than that. Her big moments are less the outpourings of a pure heart than brave, baffled attempts to put the best face on things.

The excellent ENO chorus and orchestra are conducted by Mark Elder with evident care and thoughtfulness. Much orchestral detail comes up new-

minted—and yet the essential lyrical vein is only occasionally tapped: the culminating ensemble of Act 3, for example, sounded most scrupulously prepared, but there was no surge toward the peroration, and this wasn't moved. Even in one

enormously refined score, Verdi needs an instinct for expressive directness that isn't native to Mr Elder, and his other skills have to do duty for it. There is still real distinction in the performance—a sound introduction to a magnificent opera.

The Kinks—Haircut One Hundred/Lyceum

Antony Thorncroft

To open and close Christmas amid the good-natured bores of the Lyceum was not only pleasantly gregarious but also mildly instructive about the success and failure of pop music. Almost 20 years separates the Kinks, who played there just pre-Festival, and Haircut One Hundred who closed the celebrations almost a week later, but in musical terms the gap was minimal, except of course that the Kinks are much better musicians.

Both bands are jolly crowd-pleasers with a handful of

minor pop classics of a very British bent. The Kinks might have the edge on satire through their early hits like 'Well-accepted man about town,' but there is not a wester of progress between it and Haircut's recent successes like 'Fantastic Day.'

The main difference was the audience. The Kinks are now rock curiosities and there were plenty of young trends to pad out the packed reminiscences of the over-thirties. Haircut One Hundred's following was there to see pop, idols, mainly

Nick Hayward, the panda-eyed singer. As one hard heart commented: 'I've never seen so many glassy-eyed 11-year-olds.' It is sad to say that Haircut did not have to work hard to get an audience reaction. In the event they went through the motions, bolstered by a horn section and apparently unworried that the screams were for their inaccessible bodies rather than for their music. They should try to build on a less flakey foundation.

No worries for Ray Davies of The Kinks. There must be some regret that the work of the last decade or so only rarely matches the sardonic early songs but looking good and enjoying the enjoyment he was a marvellous advertisement for the rock and roll life, backed up well by brother Dave on guitar who now enjoys throwing in some quite punky riffs. All told, more of a hopeful omen for Haircut One Hundred but one I doubt they will survive to experience.

Double Stravinsky/Purcell Room

David Murray

Stravinsky's music for two pianists (at one piano and at two) makes a strong programme, counting in his version of Le sacre du printemps for piano duet, and on Tuesday Julian Thurber and Ingrid Thurber did it lively justice. They were finest and pointed in the mild two-piano Sonata of 1944, and rol-

licked with a will in the jockey 5 Easy Pieces. In between came the masterly Concerto in one movement, and a nice sense of the dynamic limits of the Purcell Room—crisp attack, plenty of power and no stridency.

So satisfying an account of the Concerto would by itself have justified the evening. The

arrangement of Le sacre was more problematic, not because the transcription is unsuccessful (on the contrary, it is a black-and-white triumph over seemingly impossible odds) but because of an imbalance in the Thurber-Thurber team. Though they play together with absolute sympathy, it has to be

admitted that Mr Thurber has a surplus of authority, especially in the cut of his phrasing, as well as a solid touch. With two pianos in play, he led naturally, in the bass part of a duet, he often left Miss Thurber sounding frail and cautious. If she can muster his impressive confidence, they will make a marvellous team.

Arts Guide

Exhibitions

ITALY Rome, Campidoglio: Art Treasures from the Kremlin. Ends Jan 1. Rome, Campidoglio: An exhibition of 12 paintings and six drawings by Andy Warhol inspired by de Chirico. Ends Jan 31. Rome, Museo del Risorgimento, Piazza Venezia: Carlini: Art and history. Ends Dec 31. Florence, Palazzo Pitti: One hundred works from Leonardo Picture Gallery. Ends March 4. Rome, Accademia di Francia: 'Mediterranean Process', a collection of about 100 works inspired by Mediterranean life. Ends Feb 13.

PARIS Jean-Baptiste Oudry (1686-1755). The Grand Palais is presenting a retrospective of an artist too long considered only as painter of royal hunt scenes and portraits of the king's dogs. The surprising mastery of his landscapes, the mastery of his drawings and the originality of his designs for Gobelin tapestries. Grand Palais. Ends Jan 3, closed Tue (281 5410). National Museum: Dublin's National Museum has loaned 91 of its most precious possessions from a sculptured stone dating from 3000 B.C. to the Ardagh Calice, the Tara Brooch and Brian Boru's harp testifying to the originality and exquisite workmanship of Irish art through the ages. Grand Palais. Closed Tue. Ends Jan 17.

From Carthage to Kairouan, 2000 years of art and history in Tunis. Magnificent mosaics and a vast model of the Kairouan Mosque retrace the succeeding Phoenician, Roman and Islamic influences on art in Tunisia. Petit Palais. Closed Mon. Ends Feb 27. Fanta-Lesour (1836-1904). 150 paintings, pastels, drawings and lithographs bring home some unsuspected facets of his art. Best known for his rather sombre collective portraits of the intellectual elite of his time, his poetic flower compositions charm with luminosity and colours. Fascinated by music, his illustrations of Wagner and Berlioz are his escape into the world of dreams and phantasy. Grand Palais. Closed Tue. Ends Feb 7. (260 3624) 'Le Festin d'Art'. Crystal glass cut, engraved, enamelled vases with the gold and flowers painted on the finest porcelain in recreating the festive atmosphere of receptions at the court of the Habsburgs. Louvre. Exhibition of the artist's work. There is also a group of goblets and bowls of rare 17th century German goldsmith work lent, among other exhibits, by the Viennese Museum of Applied Arts. The Louvre des Antiquaires. 2 Place Palais Royal, open quaires. 2 Place Palais Royal, open Tue to Sun. Ends Jan 16. (287 2760)

LONDON National Portrait Gallery: The Imperial Tobacco Portrait Award is one of the most imaginative examples of sponsorship of the visual arts in recent years. The prize is £5,000, with a further £1,000 for a commissioned

portrait from the winner, for a recent portrait by any painter under 40. This year the winner is Humphrey Ocean, a sometime defector to pop music, especially to Ian Dury and the Blockheads, but always an artist. His winning painting, and those of another 51 finalists make up the exhibition. Ends Jan 28. Walker Art Gallery, Liverpool: John Moore 1931 - Britain's first and most important Open Exhibition, which regularly attracts a strong entry from amongst our best contemporary painters. The prizes are generous enough: £5,000, £3,000, £2,000 and ten at £250, but the prestige lies in the selection itself. This year's exhibition is full of strong contemporary painting, both figurative and abstract, with John Hoyland victor ludorum. Ends Feb 20. The National Portrait Gallery: Van Dyck in England - It not unreasonably the greatest, peer Holbein, certainly the most prolific and lastingly influential of our Court Painters, establishing the image of romantic, doomed Cavalier grandeur in its final years. He could not have done this without an army of studio assistants and it is easy enough to recognise the fruits of the production line, but he was a wonderful artist for all that. He is a painter's painter, steeped in the works of the earlier Italian masters, and the worthy successor to his own master, Rubens. Ends March 28.

NEW YORK Metropolitan Museum of Art: The Metrop for Alexander arrives at its final destination before being re-

turned to Greece with its display of 100 works of Greek art from the 4th to the 2nd centuries B.C. Ends Jan 3. (535 7100) Guggenheim Museum: Selections from Peggy Guggenheim's Venice collection will be displayed for the first time in New York, including works by Braque, Chagall, de Chirico, Picasso, Mondrian and Duchamp. Ends March 13. A retrospective of Yves Klein includes 100 paintings and sculptures and personal letters and photos. Ends Jan 9. (860 1300)

VIENNA Kunsthistorisches Museum: Stones of the Pharaohs. An exhibition of works of art starting from pre-historic days, using a wide variety of materials from precious and semi-precious stones to various types of stone. Geologists have brought together 1,000 varieties of stone from 400 quarries in Egypt to identify the source of materials used as long as 2,500 years ago. Samples of rock are displayed alongside the statue or similar work of art. Ends Jan 23.

WEST GERMANY Berlin, Bauhaus Archiv, 13-14 Klinkerstrasse: Furniture, industrial products, models, sketches and photographs from between 1923 and 1964 by Ferdinand Kramer, the German architect and designer. Ends Jan 22. Berlin, Akademie der Künste, 10 Hansaallee: Oh Canada has paintings, architecture, films, videos and performances documenting the de-

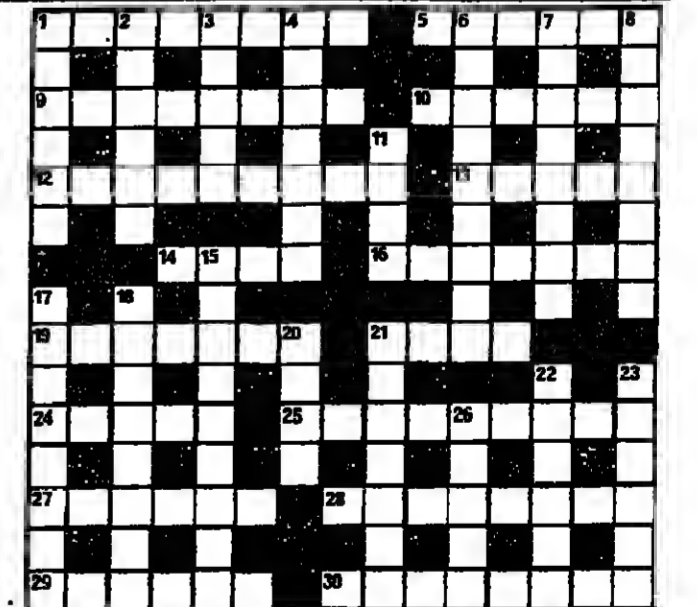
December 24-30

velopment of today's artistic scene in the North American country. Ends Jan 30. Hannover, Kestner Gesellschaft, 18 Wardenstrasse: The First German exhibition on New York. Now touring the Federal Republic at present, it comprises more than 100 works from the last five years by 20 New York painters and sculptors. Ends Jan 23. Düsseldorf, Kunstaalst, 4 Ehrenfeld: More than 800 pictures, sculptures and graphics by 250 German artists accompanied by a special exhibition of Soviet Art. Ends Jan 2. Cologne, Kunsthalle, Josef Haubrich Hof: The Three Magis has paintings, sculptures and artifacts dating from the 11th to the 19th century, depicting their veneration and adoration of the Christ child. Ends Jan 30. Munich, Villa Stuck, 60 Prinzengartenstrasse: Vienna around the turn of the century is the topic of roughly 200 graphics and book illustrations by the so-called Austrian Secessionists. Among them Gustav Klimt and Oskar Kokoschka. Ends Jan 30. Osnabrück, Stadtmuseum, St. Jakobs Platz: Just under 100 European posters deal with political, economic and cultural events between 1945 and 1959 - the time of Cold War and economic miracles. Ends Jan 9. Frankfurt, Städtisches Kunstinstitut, 83 Schaumgasse: Harvard University has loaned its collection of German twentieth century art from its Busch Reisinger Museum, chiefly works from the 1920s and 30s. Ends Jan 10.

F.T. CROSSWORD PUZZLE No. 5,060

ACROSS

- 1 Teacher with weight to talk in rambling fashion (6, 2)
5 Change the tress of false hair (6)
9 A sometimes active mount (8)
10 Agent accepting cut that's slipshod (6)
12 Men ruined, ruined, having to weaken gradually (9)
13 A meat ball returned from this U.S. city? (5)
14 A different host from over the border (4)
16 The dog is kind of cross (7)
18 Element making a ruin—then hesitation? (7)
21 One person or many (4)
24 Necklace has no right to be a hat! (5)
25 Fundamental reason for us to care, love differently (4-5)
27 Poles are covered by it (3-3)
28 The whole of work unit in charge is hypersensitive (8)
29 The nurse is a Union member (6)
30 Protect the special area (8)
DOWN
1 The lively do! (4-2)
2 Bed's ebullient, keeping back over and above (8)
3 Alloy from tin, various other metals (5)
4 A visionary character? (7)
6 Quite tipsy, emitting no squeaks (4-5)
7 Marble going up in light for household supply (3-5)



8 Agricultural stroke (8)
11 School period in the winter months (4)
15 Do prisoners give it as they go inside? (5, 4)
17 Draperies are the end (8)
18 Form of canvassing in the main on ship's title (8)
20 Take vehicle up to trading place (4)
21 Brother to rile, upset, young chick (7)
22 Robber with crocodile tears? (6)
23 Secure a form of recovery (8)
Sottition to Puzzle No. 5,059

THE SOVIET UNION AND AFGHANISTAN

A gruelling three-year battle

By Alain Cass, Asia Editor

THE TANTALISING possibility of a political solution to the crisis in Afghanistan...

There is, as yet, no sign of the "new flexibility" which appears much as it was on that Sunday after Christmas in 1979...

Even the Russians admit that there is a 'stalemate'

the guerrillas ceases, that will be the end of it, and Afghanistan will be absorbed into the Soviet empire.

After three gruelling years of trying to subdue the tough, xenophobic tribes who live in this rugged country close to the oil-bearing regions of the Gulf and the warm waters of the Indian Ocean...



gas from Afghanistan to the Soviet Union and some movement of goods. The resistance controls most of the countryside...

One of the most frustrating Russian failures in Afghanistan has been the inability to establish the writ of the Karmal regime and achieve a truce between the two principal factions of the ruling People's Democratic Party.

These problems are compounded by large-scale defections to the rebels from the Afghan army which is now down from its theoretical strength of 100,000 to well below half that number.

Despite Pakistani denials, armed training camps do exist near the Afghan border, and truckloads of arms can be seen crossing into Afghanistan under the noses of frontier guards.

"The future leaders of the resistance will emerge from the trenches. It's as simple and as complicated as that," says one observer in Peshawar.

The fact that Islam is the chief inspiration of the resistance is also likely to be seen by Moscow as a major disincentive to pull out.

Short of a quick settlement or a withdrawal, Mr Andropov is now faced with two choices. The first is to escalate the war in an effort to "win" it.

Union's strategic position because, despite American concerns to the contrary, there is little evidence to suggest that the Russians have been building up their position in Afghanistan to push on towards the oil-rich Gulf.

A change in policy in Moscow may come under Mr Andropov. For the time being, however, one guerrilla leader said, "we are still very much in the military phase."

Britain's Economic Decline

Making money is not quite cricket

By Ian Davidson

THE NEW orthodoxy on Britain's economic decline, as exemplified by Professor Martin Weiner's book English Culture and the Decline of the Industrial Spirit 1850-1980...

This is a very comfortable thesis for anyone who wants both a simple explanation and a scapegoat for Britain's relative economic decline.

The first questionable judgement is the implied depreciation of ruralism as such. Obviously, it was irrational for a nation which repealed the Corn Laws...

ing from the farming lobbies, that the other countries of Western Europe are gradually following Britain down the path of competition, rationalisation, and agricultural industrialisation.

There must be a reason for this preference, which crosses the rural-nostalgia argument is founded on questionable value-judgments.

At the bottom of it all, I suspect that the real but unspoken complaint of the adherents to the new orthodoxy is rather different from the surface message.

This, it seems to me, is closer to the harsh reality. The British are not, in the main, and never have been, really interested in making money.

Letters to the Editor

The re-wiring of Britain—the future is here

From the Information Technology Director, Linelight Association. Sir—I was extremely worried by the letter from R. Prater (December 20)...

Telecom can handle the nation's interactive requirements within its existing network. In my view, the soft option is, in my view, the soft option.

False economies in knowledge

From Dr Noel Thompson. From Dr Noel Thompson such a decided antipathy to the teaching of Latin could have produced a letter so riddled with syntactical error...

Imports of textiles

From the Deputy Director, Consumers' Association. Sir—I don't want to bore the imported pants of FT readers...

on the British scale, both their problems and ours would be lessened. Adam Smith is still honoured in his own country...

The price of coal

From Mr G. Ledingham. Sir—I noted with interest that the price of coal supplied to the Central Electricity Generating Board...

Grid of 16 product categories: Office Furniture, Stacking Chairs, Shelving, Wheelchairs, Electrical Elements, Knitwear, Contract Packing, Contract Sub-assembly, Liquid Filling, Printing, Book Binding, Box Making, Luggage and Cases, Medical Products, Protective Clothing, Printed Circuits.

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INTERNATIONAL COMPANIES and FINANCE

Martin Marietta Corporation

has acquired on a fully diluted basis 51 percent of the common shares of The Bendix Corporation

The undersigned acted as financial advisor and served as dealer-manager to Martin Marietta Corporation in this transaction.

Kidder, Peabody & Co. Incorporated

Martin Marietta Corporation

has exchanged 11,900,100 common shares of The Bendix Corporation for 19,128,000 shares of its own common stock held by

Allied Corporation

The undersigned assisted in the negotiations and acted as financial advisor to Martin Marietta Corporation in this transaction.

Kidder, Peabody & Co. Incorporated

All of these Securities have been sold. This announcement appears as a matter of record only.

December 1982

550,000 Shares ADAGE Common Stock

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COMPAGNIE DE BANQUE ET D'INVESTISSEMENTS, CBI HAMBROS BANK
KITCAT AITKEN & SAFFRAN

Wall Street sceptical of Mesa bid price

BY RICHARD LAMBERT IN NEW YORK
AS Mesa Petroleum's \$520m tender offer for General American Oil of Texas passed its first hurdle at midnight on Wednesday, Wall Street traders remained convinced that a bid for Mesa's price of \$40 a share would not be successful.

Samuel Montagu HK to advise Chung brothers

BY ROBERT COTTELL IN HONG KONG
THE HONG KONG deposit-taking office of Samuel Montagu, the UK merchant bank, has been appointed financial adviser to Hong Kong's two Chung brothers, whose Aik San Realty and E. Wah Realty companies are the heart of a private property empire comprising 206 subsidiary and associated companies, with interests in 118 projects.

General Dynamics sues AT & T

BY PAUL BETS IN NEW YORK
GENERAL DYNAMICS, the leading U.S. defence contractor, filed a surprise lawsuit against AT & T, charging the telecommunications giant with anti-competitive practices in the domestic customer premise equipment market.

Fall in Combined International profit

COMBINED International, formerly known as Combined Insurance Company of America, reported a 20 per cent drop in fourth quarter profit to \$180,000, or financial statement earnings of \$22.2m.

Chrysler Canada aid package in jeopardy

BY VICTOR MAGEE IN OTTAWA
A \$250m (US\$300m) financial package to save Chrysler Canada, the Canadian subsidiary of the troubled U.S. motor group, from financial ruin is in jeopardy, because the U.S. carmaker has decided to postpone the completion of its plans in Windsor, Ontario, which is at present temporarily closed down.

New York firmness gives Eurobond prices a boost

BY ALAN FREDMAN
PRICES OF fixed-interest Euro-dollar bonds were marked 1 to 1 1/2 point higher yesterday as dealers in Europe reacted to the positive performance of the New York bond market in recent days and further indications of declining dollar interest rates.

FT INTERNATIONAL BOND SERVICE

Table listing international bond issues with columns for U.S. Dollar, Issued, Bid, Offer, and Yield. Includes sections for OTHER STRAIGHTS, CONVERTIBLE BONDS, and STRAIGHTS.

Midlantic Banks in \$83m bid

BY OUR NEW YORK STAFF
MIDLANTIC BANKS is making an agreed bid worth around \$83m for Greater Jersey Bancorp in an offer which it says will create the largest banking entity in the state of New Jersey.

Chrysler Canada aid package in jeopardy

BY VICTOR MAGEE IN OTTAWA
A \$250m (US\$300m) financial package to save Chrysler Canada, the Canadian subsidiary of the troubled U.S. motor group, from financial ruin is in jeopardy, because the U.S. carmaker has decided to postpone the completion of its plans in Windsor, Ontario, which is at present temporarily closed down.

Handwritten signature: J. J. J. J.

Companies and Markets **INTL. COMPANIES & FINANCE**

Bastogi agrees to bankers' debt plan

By Our Financial Staff
BASTOGI, the Italian financial group, has agreed a recovery plan with its 49 creditor banks. It will give up its property interests into a new holding company, IGI, and the banks' outstanding short-term credits to Bastogi will be partly converted into shares in the new company.

Bastogi shares have risen sharply in recent days on rumours that a deal with creditors was near to conclusion. Formerly one of Italy's most influential financial holding companies, the company last year pulled out of direct industrial operations after suffering big losses which were mainly attributable to its holdings in Montedison.

IGI's capital will comprise 80m privileged shares which will be subscribed entirely by the creditor banks. A further 162.5m ordinary shares will be issued, about half of which will be used to write-off L54.1bn (\$39m) of short-term debt.

Bastogi's remaining short-term debt, which has been calculated at L54bn, will be consolidated for five years, subject to interest payments fluctuating from 5 to 10 per cent.

Ferro alloys producers in Norway open merger talks

BY FAY GJETER IN OSLO

FIVE of the six Norwegian companies making ferro alloys have begun merger talks. They aim to group their plants in a new company in order to improve profitability, rationalise marketing and generally strengthen the position of the Norwegian industry on the international market.

The industry, which supplies nearly one-fifth of world demand of ferro alloys, has been hard hit by weak world demand. Over the past year, it has been operating at only about 60 per cent of capacity, and expects to make a loss of between Nkr 200m (\$28m) to Nkr 300m in 1982.

The non-ferro alloy operations of the five companies will retain their separate identities. The companies control 11 ferro alloy plants with a total of 3,500 employees, and annual turnover of around Nkr 2bn.

The first official reactions have been positive. Deputy Industry Minister Arnulf Ingebrigtsen said the Government had been told about the scheme just before Christmas and had not yet studied it in detail, but it appeared "interesting."

By grouping all Norwegian ferro alloys producers in a single unit, the Norwegian industry could counter complaints by European competitors (to the EEC Commission) that Norwegian companies have been dumping cheap ferro alloys on the EEC market.

The Europeans accuse the Norwegians of dumping. If the companies become part of one unit, they can presumably no longer be accused of price-fixing.

The sixth Norwegian producer of ferro alloys, Tinfos Jernverk, has been invited to join the new grouping, although it was not asked to participate in the preliminary talks.

Tinfos' managing director, Ole Holt, said his company would study the plan, but indicated that it would have liked to have been consulted at an earlier stage.

The fleet managed by Leif Høegh comprises 52 vessels totalling 2.4m dwt. Seven of them, totalling 300,000 dwt, are chartered for more than 12 months, and several others are chartered on a voyage basis or for periods of up to 12 months.

Gross freight earnings were about Nkr 3bn, unchanged from a year earlier. While the year now ending was difficult for tankers, bulk carriers and gas tonnage, a considerable part of the fleet continued to operate profitably, "in particular the car carriers, part of the liner trades, and the fleet of forest product carriers, which is secured long-term employment at profitable rates."

The liquidity of the ship-holding companies in the group is described as "satisfactory."

Leif Høegh gloomy on outlook

BY OUR OSLO CORRESPONDENT

LEIF HØEGH, a firm which acts as management company for one of Norway's leading shipping groups, is pessimistic about the outlook for 1983.

In a report on developments this year, it foresees no improvement in the group's operating result for the coming twelve months, "even with increased capital commitment in new buildings, rationalisation and cost reductions on ship running and administration expense."


Operating income for 1982, before extraordinary items, depreciation and net interest charges, is put at Nkr 490m (\$69.2m) about Nkr 11m up on 1981.

Since, however, average capital invested was higher this year than last - because of new vessel deliveries - the return on capital was actually lower than last year and not enough to cover capital costs for all companies and investors in the group.

Gross freight earnings were about Nkr 3bn, unchanged from a year earlier. While the year now ending was difficult for tankers, bulk carriers and gas tonnage, a considerable part of the fleet continued to operate profitably, "in particular the car carriers, part of the liner trades, and the fleet of forest product carriers, which is secured long-term employment at profitable rates."

The liquidity of the ship-holding companies in the group is described as "satisfactory."

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New Issue This advertisement appears as a matter of record only December 27, 1982



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 8 1/4% Bearer Bonds of 1982/1989
 - Stock Index No. 470809 -
 Offering price: 100%

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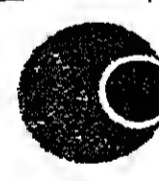
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 ERFORTENBANK-WARBURG Aktiengesellschaft
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NEW ISSUE December, 1982



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NEW ISSUE December, 1982

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CRAY RESEARCH, INC.
 Common Stock

L. F. ROTHSCHILD, UNTERBERG, TOWBIN
 ROTHSCHILD INC.
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Weekly net asset value



Tokyo Pacific Holdings (Seaboard) N.V.
 on 27th December 1982, U.S.\$62.99
 Listed on the Amsterdam Stock Exchange

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VONTOBEL EUROBONDINDIZES

WEIGHTED AVERAGE YIELDS PER DECEMBER 28 1982

	Today	INDEX	Last week	%	Year's High	Year's Low
US\$ Eurobonds	12.76	12.42	15.62	12.41	7.85	12.41
DM (Foreign Bond Issues)	7.58	7.87	9.75	7.85	7.85	7.85
HFL (Bearer Notes)	8.07	8.20	10.58	8.18	8.18	8.18
Can\$ Eurobonds	13.50	13.61	17.47	13.61	13.61	13.61

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UK COMPANY NEWS

EUROPEAN OPTIONS EXCHANGE										
Series	Vol.	Mar.	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.
D-FL C	F.260	16	8.50	4	1.00					
D-FL C	F.265	16	8.50	4	1.00					
D-FL C	F.270	16	8.50	4	1.00					
D-FL C	F.275	16	8.50	4	1.00					
D-FL C	F.280	16	8.50	4	1.00					
GOLD D	8429	22	42	96	8					8461
GOLD D	8476	31	19	22	58					
GOLD D	8500	25	18	25	22					
GOLD D	8525	21	18	25	22					
GOLD D	8550	21	18	25	22					
GOLD D	8575	21	18	25	22					
GOLD D	8600	21	18	25	22					
GOLD D	8625	21	18	25	22					
GOLD D	8650	21	18	25	22					
GOLD D	8675	21	18	25	22					
GOLD D	8700	21	18	25	22					
10% NL B1 87-01										
C	F.122.50	0	8.50							F.133
C	F.125	0	8.50							F.133
C	F.127.50	0	8.50							F.133
C	F.130	0	8.50							F.133
C	F.132.50	0	8.50							F.133
10% NL B2 88-02										
C	F.112.50	10	8							F.117.10
C	F.115	10	8							F.117.10
C	F.117.50	10	8							F.117.10
10% NL B3 88-08										
C	F.107.50	67	5.50							F.110.60
10 NL B2 11 86-09										
C	F.107.50			515	4.30					F.111.10
7% NL B2 89-03										
C	F.100	60	2							F.100.90
C	F.102.50	10	1.40							F.100.90
C	F.105	10	1.40							F.100.90
C	F.107.50	10	1.40							F.100.90
C	F.110	10	1.40							F.100.90
C	F.112.50	10	1.40							F.100.90
C	F.115	10	1.40							F.100.90
C	F.117.50	10	1.40							F.100.90
C	F.120	10	1.40							F.100.90
C	F.122.50	10	1.40							F.100.90
C	F.125	10	1.40							F.100.90
C	F.127.50	10	1.40							F.100.90
C	F.130	10	1.40							F.100.90
C	F.132.50	10	1.40							F.100.90
C	F.135	10	1.40							F.100.90
C	F.137.50	10	1.40							F.100.90
C	F.140	10	1.40							F.100.90
C	F.142.50	10	1.40							F.100.90
C	F.145	10	1.40							F.100.90
C	F.147.50	10	1.40							F.100.90
C	F.150	10	1.40							F.100.90
C	F.152.50	10	1.40							F.100.90
C	F.155	10	1.40							F.100.90
C	F.157.50	10	1.40							F.100.90
C	F.160	10	1.40							F.100.90
C	F.162.50	10	1.40							F.100.90
C	F.165	10	1.40							F.100.90
C	F.167.50	10	1.40							F.100.90
C	F.170	10	1.40							F.100.90
C	F.172.50	10	1.40							F.100.90
C	F.175	10	1.40							F.100.90
C	F.177.50	10	1.40							F.100.90
C	F.180	10	1.40							F.100.90
C	F.182.50	10	1.40							F.100.90
C	F.185	10	1.40							F.100.90
C	F.187.50	10	1.40							F.100.90
C	F.190	10	1.40							F.100.90
C	F.192.50	10	1.40							F.100.90
C	F.195	10	1.40							F.100.90
C	F.197.50	10	1.40							F.100.90
C	F.200	10	1.40							F.100.90
C	F.202.50	10	1.40							F.100.90
C	F.205	10	1.40							F.100.90
C	F.207.50	10	1.40							F.100.90
C	F.210	10	1.40							F.100.90
C	F.212.50	10	1.40							F.100.90
C	F.215	10	1.40							F.100.90
C	F.217.50	10	1.40							F.100.90
C	F.220	10	1.40							F.100.90
C	F.222.50	10	1.40							F.100.90
C	F.225	10	1.40							F.100.90
C	F.227.50	10	1.40							F.100.90
C	F.230	10	1.40							F.100.90
C	F.232.50	10	1.40							F.100.90
C	F.235	10	1.40							F.100.90
C	F.237.50	10	1.40							F.100.90
C	F.240	10	1.40							F.100.90
C	F.242.50	10	1.40							F.100.90
C	F.245	10	1.40							F.100.90
C	F.247.50	10	1.40							F.100.90
C	F.250	10	1.40							F.100.90
C	F.252.50	10	1.40							F.100.90
C	F.255	10	1.40							F.100.90
C	F.257.50	10	1.40							F.100.90
C	F.260	10	1.40							F.100.90
C	F.262.50	10	1.40							F.100.90
C	F.265	10	1.40							F.100.90
C	F.267.50	10	1.40							F.100.90
C	F.270	10	1.40							F.100.90
C	F.272.50	10	1.40							F.100.90
C	F.275	10	1.40							F.100.90
C	F.277.50	10	1.40							F.100.90
C	F.280	10	1.40							F.100.90
C	F.282.50	10	1.40							F.100.90
C	F.285	10	1.40							F.100.90
C	F.287.50	10	1.40							F.100.90
C	F.290	10	1.40							F.100.90
C	F.292.50	10	1.40							F.100.90
C	F.295	10	1.40							F.100.90
C	F.297.50	10	1.40							F.100.90
C	F.300	10	1.40							F.100.90
C	F.302.50	10	1.40							F.100.90
C	F.305	10	1.40							F.100.90
C	F.307.50	10	1.40							F.100.90
C	F.310	10	1.40							F.100.90
C	F.312.50	10	1.40							F.100.90
C	F.315	10	1.40							F.100.90
C	F.317.50	10	1.40							F.100.90
C	F.320	10	1.40							F.100.90
C	F.322.50	10	1.40							F.100.90
C	F.325	10	1.40							F.100.90
C	F.327.50	10	1.40							F.100.90
C	F.330	10	1.40							F.100.90
C	F.332.50	10	1.40							F.100.90
C	F.335	10	1.40							F.100.90
C	F.337.50	10	1.40							F.100.90
C	F.340	10	1.40							F.100.90
C	F.342.50	10	1.40							F.100.90
C	F.345	10	1.40							F.100.90
C	F.347.50	10	1.40							F.100.90
C	F.350	10	1.40							F.100.90
C	F.352.50	10	1.40							F.100.90
C	F.355	10	1.40							F.100.90
C	F.357.50	10	1.40							F.100.90
C	F.360	10	1.40							F.100.90
C	F.362.50	10	1.40							F.100.90
C	F.365	10	1.40							F.100.90
C	F.367.50	10	1.40							F.100.90
C	F.370	10	1.40							F.100.90
C	F.372.50	10	1.40							F.100.90
C	F.375	10	1.40							F.100.90
C	F.377.50	10	1.40							F.

COMMODITIES AND AGRICULTURE

Companies and Markets

Nickel mine to be re-opened

FALCONBRIDGE, nickel producer, plans to resume production in Sudbury, Ontario, following a six-month shutdown.

The lack of a new collective bargaining agreement with the Mine, Mill and Smelter Workers' Union could jeopardise the startup, the company said.

However, it is to continue bargaining with the union, which represents 1,850 of its workers, and said it would abide by the terms of the old agreement if a new pact is not reached by January.

ZAIRE'S manganese output will reach just over 4,000 tonnes this year, sharply down from last year's 30,750 tonnes, sources at SMIK (Societe Miniere de Kisanje) said.

The drop was partly because of large stocks of ready-for-export manganese in Zaire, which had reached 560,000 tonnes, the sources added.

THE SOVIET UNION has bought an additional 200,000 tonnes of U.S. wheat for delivery up to September 30 next year, the U.S. Agriculture Department said.

The sales bring total Soviet purchases in 1982 to 5.2m tonnes.

TAIWAN'S cotton imports exceeded 1.26m bales (500 kilos per bale) in the first 11 months of this year, up sharply from 860,258 bales imported last year, the Taiwan Cotton Spinners Association reported.

Its rice exports this year more than tripled last year's to about 500,000 tonnes, the Provincial Food Bureau said.

BRAZIL'S cotton crop for 1982-83 is forecast at 700,000 tonnes compared with a revised 640,000 in 1981-82, the U.S. Agriculture Department said.

PALLADIUM was fixed at \$101 an ounce, up \$9.30 on Friday and its highest since June 1981, dealers said.

The market was quiet but still

Copper reaches 15-month high

COPPER PRICES rose to the highest level for 15 months on the London Metal Exchange yesterday, in spite of another hefty increase in warehouse stocks.

The high grade cash price closed £16.75 at £942.5 a tonne and the three months quotation was £18.75 higher at £968.25.

The rise in London prices followed a sharp upturn in the New York market after the Christmas holiday closure and the firm trend in gold, which gained \$24 to \$482 an ounce.

At the same time, speculative buying interest was stimulated by the cut in U.S. interest rates and optimism about improved demand developing in key sectors, notably the automobile and construction industries.

News of the unexpectedly large increase in warehouse stocks caused a temporary setback in the upward trend. However, dealers were at pains

to point out that the rise in LME stocks is basically merely a transfer, primarily from the U.S., of surplus holdings from one place to another.

Stocks are coming to London as a result of the high premium for cash metal some weeks ago. The latest increase of 14,950 tonnes, raises total holdings in the LME warehouses to 243,350 tonnes—the highest level since April 1979.

It is the 13th consecutive weekly increase in stocks, which have risen by more than 100,000 tonnes since early October.

Other metal markets were generally subdued, although lead and zinc followed the stronger trend in copper. Aluminium stocks rose by 1,600 to 236,775 tonnes; lead by 330 to 126,000; nickel by 825 to 5,892; tin by 465 to 33,837; and silver holdings by 70,000 to 35,040,000 ounces. Zinc stocks fell by 675 to 83,575 tonnes.

India's tea exports down

BY P. C. MAHAUTI, IN CALCUTTA

INDIA'S tea exports over the first 10 months of this year were estimated at 545m kils. A shortage of tea is feared in the coming months, both in the domestic market and for exports.

However, the Indian Tea Association, the country's leading trade organisation for the tea industry, proposes to devote the report will be one of the major subjects to which the association will address itself next year, Mr S. K. Mebara, chairman of the association, said.

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Maltose cross over farm prices

By Godfrey Grima in Valletta

MALTESE farmers are refusing to take their products to the market following the imposition of a price freeze.

The freeze was announced by Premier Dom Mintoff in his end-of-year message.

Attempts to discuss the dispute with Mr Freddie Micallef, agriculture minister, had failed, it was announced at a rally this week. The Government's unilateral decision to cut the price of fruit and vegetables at the expense of farmers was unjust, the farmers' group added.

An official for the union said farmers had to make up for their many losses only when certain items fetched good prices. Vegetables fetched low prices when they were abundant, and compensation was likely only when products were in short supply.

The official added that farmers were determined not to let their products to the market unless the Government was prepared to be reasonable.

Move to curb pig disease

A SLAUGHTER and compensation policy to prevent the spread of African swine fever, which kills piglets, is to be introduced following publication of a Government Bill.

A national referendum on producers, published on November 30, indicated that the vast majority of pig farmers in Malawi are in favour of such a policy. And pig-growers said they were prepared to finance compensation through a headage levy.

The legislation will enable the meat and Livestock Commission to raise this levy. Compulsory slaughter rules will be introduced by the Minister of Agriculture under the Animal Health Act, 1981.

FARMER'S VIEWPOINT

A perilous year all round

I WILL remember 1982 as a year of agricultural "perils of Pauline." The year brought the best harvest I have known and some most encouraging livestock results in spite of a massed onslaught of snow, frost, flood and drought.

It was the year when those who used every aid to husbandry and those who used few could be equally satisfied. There seemed to be no correlation between chemical applications and yield. The gross grew better and was of high nutritional value, milk production galloped ahead and lambs and cattle on grass thrived as never before.

This happy state of affairs was complemented by the best EEC price fixing with 11 per cent on milk encouraging a sector which is already producing 20 per cent more than the market can absorb at present prices.

British farmers are in the extremely fortunate position of having a surplus of a very wide range of barley and wheat had been placed in intervention stores by the end of December and 1.3m tonnes of cereals had been

exported by October 31. A further 2m tonnes of cereals will have to go to the same destination according to estimates from the Agriculture Ministry.

Business executives in any other sector, faced with such an abundance on almost every side, would at least take steps to ensure that they did not get too far out on a limb of suicidal over-production. But farmers are not like that. They believe farming is a public service.

Some are still, of course, good for humanity and should not be controlled by the rules of economics.

There is considerable bitterness about this among pig farmers who claim that neither the National Farmers' Union nor the Ministry of Agriculture, cares what happens to them. The villain of the scene is generally held to be the sheep man whose regime artificially depresses the price of lamb by the use of the deficiency payment. Elsewhere, on the Continent, sheep meat is much dearer and pig farmers better placed than here, which is clear

evidence of the confidence of livestock farmers.

There are one or two black spots. Pig prices are well down on last year. There are two reasons for this.

The meat market is overshadowed by about 50,000 tonnes of New Zealand lamb in cold stores. This has forced down the price of British sheep meat and, incidentally, that of pork. Sheep farmers are protected by the deficiency payments, but pig farmers are on their own.

Worse still, cereal prices are forced upwards by the CAP system.

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duce less spectacular results, but there is no doubt that the long-term yield trend is upwards. Farm output rises in surplus like the tide, with individual waves making the advance and long-term consolidation following.

This year's output will probably be the norm by 1985 and there is plenty of potential for still further increases of the same farming acreage.

I intend to keep up with the Joneses as well as I can. My wheat will be grown and processed with intervention in mind. My lambs will be fattened to make the most of the subsidy. Production on all sides will be maximised with every modern artifice.

But the pigs? A good question. They are badly paying, but I shall keep them going in the belief that one of these days someone, somewhere, will force the CAP out of the present economic madness.

In fact, I shall be backing the system both ways and if cereals and pig prices will be in or on the ground floor. But I wish I knew when this was going to happen.

John Cherrington

Vietnam aims for self-sufficiency in food

VIETNAM, which has imported foodgrains for the next 30 years, aims to re-establish food self-sufficiency in 1983. It was once a rice-exporting country but was forced by war to import.

Mr Vo Van Kiet, Vietnam's deputy premier, outlined the target in a report to the Vietnamese National Assembly on the 1982-83 rice crop.

Production of food—the bulk of it rice—in 1982 was 18.26m tonnes, a little above target and a creditable performance, Mr Kiet said.

A target of 17m tonnes set for 1983 accounted to self-sufficiency. From 1984 we may build up our own food stocks," he added, in his report, which was monitored in Bangkok.

Mr Kiet, who chairs the state planning committee, made no bones about the appalling economic problems plaguing his country more than seven years after the end of the Vietnam war.

He noted that acute shortages of energy, raw materials and

spart parts persisted. Economic inputs were underused and "waste and corruption are still rampant."

Self-sufficiency in food would mean the removal of a major burden. This was because most of Vietnam's meagre foreign currency earnings had gone on such imports, leaving almost nothing to buy raw materials and equipment for industry.

The Soviet Union and other Socialist countries, on whom Vietnam is heavily dependent, wrote off Vietnam's debts to

them in 1981. But Vietnam's debts had built up to about \$3.5bn by March this year.

Up to October, Vietnam had defaulted on most of its debt service payments for 1982.

While Vietnam's occupation of Kampuchea and the maintenance of troops in Laos have exacerbated its economic ills, poor management and opposition to Socialist methods in Southern Vietnam have also been important factors, according to Western analysts.

PRICE CHANGES

Table with columns: In tonnes, Dec. 29, 1982, and Month ago. Lists prices for various metals like Nickel, Manganese, and Tin.

BRITISH COMMODITY MARKETS

Table with columns: Commodity, Dec. 29, 1982, and Month ago. Lists prices for Base Metals, Copper, Tin, and Lead.

AMERICAN MARKETS

Table with columns: Commodity, Dec. 29, 1982, and Month ago. Lists prices for Rubber, Soybean Meal, Cocoa, Coffee, Grains, and Cotton.

LONDON OIL SPOT PRICES

Table with columns: Oil Type, Price, and Change. Lists prices for Arabian Light, Brent, and other oil grades.

GAS OIL FUTURES

Table with columns: Month, Year/day, and Business Done. Lists gas oil futures prices for various months.

INDICES

Table with columns: Index Name, Dec. 29, 1982, and Dec. 22, 1982. Lists various financial indices.

GOLD MARKETS

Table with columns: Gold Price, Dec. 29, 1982, and Dec. 22, 1982. Lists gold prices in London and other markets.

LONDON FUTURES

Table with columns: Month, Year/day, and Business Done. Lists various London futures prices.

GRAINS

Table with columns: Grain Type, Price, and Change. Lists prices for wheat, barley, and other grains.

WHEAT

Table with columns: Wheat Type, Price, and Change. Lists wheat prices for various grades.

BARLEY

Table with columns: Barley Type, Price, and Change. Lists barley prices for various grades.

POTATOES

Table with columns: Potato Type, Price, and Change. Lists potato prices for various grades.

MEAT

Table with columns: Meat Type, Price, and Change. Lists prices for various types of meat.

WOLVES

Table with columns: Wolf Type, Price, and Change. Lists prices for various types of wolves.

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Table with columns: Wolf Type, Price, and Change. Lists prices for various types of wolves.

NEW YORK

Table with columns: Commodity, Price, and Change. Lists New York commodity prices.

REUTERS

Table with columns: Commodity, Price, and Change. Lists Reuters commodity prices.

MOODY'S

Table with columns: Commodity, Price, and Change. Lists Moody's commodity prices.

CHICAGO

Table with columns: Commodity, Price, and Change. Lists Chicago commodity prices.

WOLVES

Table with columns: Wolf Type, Price, and Change. Lists prices for various types of wolves.

Advertisement for 'The Army Benevolent Fund' featuring a soldier and the text 'In war, in peace you need his help'.

FINANCIAL TIMES CURRENCIES, MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar weak in quiet trading

The dollar opened very weak, yet a fears of a worsening recovery against the dollar and Continental currencies.

STERLING — Trading range against the dollar in 1982 is 1.5255 to 1.5377.

fixing of DM 2.3663. Sterling was a little firmer at DM 2.3570 from DM 2.3520 as the Swiss franc...

EMS EUROPEAN CURRENCY UNIT RATES

Table with columns: Country, ECU amount, % change from Dec 29, % change from Dec 28.

FINANCIAL FUTURES

Gilt improves

Trading volume was relatively high in the London Financial Futures Exchange yesterday on the first day of trading after the long Christmas break.

LONDON

Table with columns: Contract, Close, High, Low, Prev.

CHICAGO

Table with columns: Contract, Close, High, Low, Prev.

OTHER CURRENCIES

Table with columns: Country, Rate, % change from Dec 29, % change from Dec 28.

CURRENCY MOVEMENTS

Table with columns: Country, Bank, Rate, % change from Dec 29, % change from Dec 28.

CURRENCY RATES

Table with columns: Country, Rate, % change from Dec 29, % change from Dec 28.

THE POUND SPOT AND FORWARD

Table with columns: Dec 29, Dec 30, One month, Three months, Six months.

THE DOLLAR SPOT AND FORWARD

Table with columns: Dec 29, Dec 30, One month, Three months, Six months.

FINANCIAL TIMES

Table with columns: Contract, Close, High, Low, Prev.

EXCHANGE CROSS RATES

Table with columns: Dec 29, Dec 30, Pound Sterling, U.S. Dollar, etc.

MONEY MARKETS

London interest rates ease

UK clearing bank base lending rate 10-1/4 per cent (since November 29 and 30).

bank bills in band 4 at 10 per cent. In the afternoon the Bank of England bought another £195m.

LONDON MONEY RATES

Table with columns: Dec 29, Dec 30, Starting rate, etc.

INTEREST RATES

Table with columns: Dec 29, Dec 30, Short term, etc.

Table with columns: Dec 29, Dec 30, Short term, etc.

EURO-CURRENCY INTEREST RATES

Table with columns: Dec 29, Dec 30, Short term, etc.

MONEY RATES

Table with columns: Dec 29, Dec 30, Short term, etc.

THE FT IS NOW ON PRESTEL

The Financial Times has information covering the following subjects available on Prestel.

GNI Limited, Specialists in Financial Futures, Telephone 01-481 1262.

LEGAL NOTICES, A GLITTERING FUTURE? Take a look at GOLD with CAL.

PUBLIC NOTICES, METROPOLITAN BOROUGH OF SEFTON, Variable Rate Redeemable Stock, 1982.

PERSONAL, CITY LIVING AT ITS BEST, Barbican Flats to rent.

RESIDENTIAL PROPERTY, AMERICAN EXECUTIVES seek luxury furnished flats or houses up to £350 per week.

TRAVEL, TOKYO, Osaka, Seoul, Taipei, and Far East.

CLASSIFIED ADVERTISEMENTS, Commercial & Industrial, Property, etc.

ART GALLERIES, FIELDSIDE, 65, Queens Gate, W.8.

CLUBS, HANOVERIAN NIGHTCLUB and Res. D.

COMPANY NOTICES, NOTICE TO ALL NOTEHOLDERS OF CYDSA, S.A.

WORLD STOCK MARKETS

Dow closes slightly higher

WALL STREET stock prices changed course several times before closing narrowly higher, reflecting the conflicting pressures of various end-of-the-year current-...

The Dow Jones Industrial Average fell slightly most of the morning, rose more than four points in early afternoon and then eased to finish 0.73 higher at 1,059.60.

AT MIDSESSION the average was off 1.47 points at 1,057.40. The New York Stock Exchange all-common index was ahead 3 points at 580.99.

Tuesday's close was 1.11 per cent, the lowest level since July 1980. However, on other major bases followed suit and the closely watched Federal Reserve rate rose to 9 1/2 per cent.

Analysts said the Stock Market was also under pressure from reports that President Reagan's top economic advisers are now forecasting only a "modest" growth in the Real Gross National Product next year, down from the 3 per cent projected last autumn.

Banking, Airline, Chemical and Steel issues, Bethlehem Steel and others were recorded by investors in quiet selective trading.

Warner Communications, the volume leader, regained another \$1 1/2 to \$3 1/2 prior to Tuesday's close.

Warner's price had plunged \$21 since December 8, when it levered sales projections for its Atari division.

Gold prices rose along with the price of the precious metal, ASA moved up \$1 1/2 to \$71. Hematite rose \$2 to \$54, Hela \$1 to \$18 1/2 and Newmont \$1 to \$54 1/2.

Another active issue was Petroleum improved \$1 1/2 to \$11. One well in Western Australia...

Minnesota Mining and Manufacturing eased \$1 to \$76 and Procter and Gamble \$1 1/2 to \$89 1/2. Merck was up \$1 to \$89 1/2.

THE AMERICAN SE Market Value Index gained 1.16 to 333.69, while the volume decreased to 4.6m (5.38m) shares.

Canada Prices further advanced around midday, with the Toronto Composite Index up another 0.9 to 1,919.8.

Tee of the 14 indices were higher, with gains led by the Gold Index, which rose \$2.8 to 4,109.9. Metals and Minerals put on 23.7 to 1,806.2 and Oils and Gas 5.8 to 2,958.8.

Hong Kong Hong Kong's Hong Kong Stock Exchange closed higher, with gains led by the Gold Index, which rose \$2.8 to 4,109.9.

Amsterdam Share prices were lower in continued quiet trading, reflecting the weaker overnight Wall Street.

Switzerland A softer dollar and expectations of further U.S. interest rate declines caused domestic stock prices to rise in fairly active trading.

Japan Leading shares recovered partly from a weaker opening and ended narrowly mixed.

Germany Leading shares recovered partly from a weaker opening and ended narrowly mixed.

France Leading shares recovered partly from a weaker opening and ended narrowly mixed.

Italy Leading shares recovered partly from a weaker opening and ended narrowly mixed.

Spain Leading shares recovered partly from a weaker opening and ended narrowly mixed.

Belgium/Luxembourg Leading shares recovered partly from a weaker opening and ended narrowly mixed.

Norway Leading shares recovered partly from a weaker opening and ended narrowly mixed.

Sweden Leading shares recovered partly from a weaker opening and ended narrowly mixed.

Switzerland Leading shares recovered partly from a weaker opening and ended narrowly mixed.

Australia Leading shares recovered partly from a weaker opening and ended narrowly mixed.

South Africa Leading shares recovered partly from a weaker opening and ended narrowly mixed.

Companies and Markets

NEW YORK

Table of stock prices for various companies in New York, including columns for company name, price, and change.

Indices

Table of market indices including Dow Jones Industrial Average, S&P 500, and other regional indices.

NEW YORK ACTIVE STOCKS: Table showing trading volume and price changes for various active stocks.

CANADA

Table of stock prices for various companies in Canada, including columns for company name, price, and change.

GERMANY

Table of stock prices for various companies in Germany, including columns for company name, price, and change.

FRANCE

Table of stock prices for various companies in France, including columns for company name, price, and change.

ITALY

Table of stock prices for various companies in Italy, including columns for company name, price, and change.

HOLLAND

Table of stock prices for various companies in Holland, including columns for company name, price, and change.

AUSTRALIA

Table of stock prices for various companies in Australia, including columns for company name, price, and change.

JAPAN

Table of stock prices for various companies in Japan, including columns for company name, price, and change.

SINGAPORE

Table of stock prices for various companies in Singapore, including columns for company name, price, and change.

SPAIN

Table of stock prices for various companies in Spain, including columns for company name, price, and change.

BEELGIUM/LUXEMBOURG

Table of stock prices for various companies in Belgium/Luxembourg, including columns for company name, price, and change.

NORWAY

Table of stock prices for various companies in Norway, including columns for company name, price, and change.

SWEDEN

Table of stock prices for various companies in Sweden, including columns for company name, price, and change.

SWITZERLAND

Table of stock prices for various companies in Switzerland, including columns for company name, price, and change.

AUSTRALIA

Table of stock prices for various companies in Australia, including columns for company name, price, and change.

SOUTH AFRICA

Table of stock prices for various companies in South Africa, including columns for company name, price, and change.

FINANCIAL

Table of financial data including interest rates, bond yields, and other market indicators.

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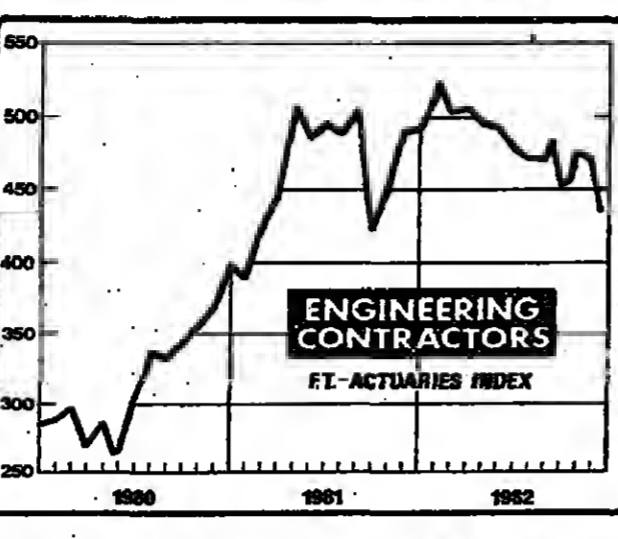
Companies and Markets

LONDON STOCK EXCHANGE

Gilts and Golds surge higher as post-Christmas U.S. events rekindle lower interest rate optimism

Account Dealing Dates
Option
*First Declared Last Account
Dealings Between 20 and 21 Dec 12 Dec 23 Dec 30 Jan 10

Following a resurgence of hope for cheaper international credit, investment interest yesterday focused on Gilts and Golds when London stock markets resumed trading after the Christmas holiday.



James Wilkes jump
James Wilkes featured miscellaneous industrials with a fresh prospect of rise of 23 1/2p.

Fresh surge in Golds
South African Golds staged a further strong advance and approached the all-time high as the bullion price registered a \$14 rise to \$422.5 an ounce.

Home Banks better
The major clearing Banks, a friendless market of late after a leading order to estimate that they need to make bad debt provisions this year of more than £300m, staged a modest rally yesterday in their trading.

Comet buoyant
Widespread reports of record post-Christmas sales boosted sentiment among major traders which resulted at 20 days' best. Recent strong demand for Comet which advanced 17 1/2p.

Oil shale harder
Interest in the Oil sector remained at a low ebb, but quotations usually managed to hold small opening improvements.

Leading Engineers were included in orderly quiet trading. GKN edged up 3 to 118p and GKN of a couple of pence were marked against Hawke's 24p to 140p.

Among the more speculative issues, received selling left KCA Drilling down 4 more to 30p.

Business in Traded Options opened on a relatively encouraging note and, although activity diminished during the afternoon, total contracts done yesterday still amounted to 1,041, comprising 820 calls and 221 puts.

Table with 10 columns: Index Name, Dec 29, Dec 28, Dec 27, Dec 26, Dec 25, Dec 24, Dec 23, Dec 22, Dec 21, Dec 20. Includes Government Secs, Fixed Interest, Industrial Ord., etc.

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FT-ACTUARIES SHARE INDICES

Table with 10 columns: Index Name, Dec 29, Dec 28, Dec 27, Dec 26, Dec 25, Dec 24, Dec 23, Dec 22, Dec 21, Dec 20. Includes CAPITAL GOODS, Building Materials, etc.

NEW HIGHS AND LOWS FOR 1982

Table with 10 columns: Index Name, High, Low, etc. Includes BANKING, BUILDING, etc.

APPOINTMENTS

Changes at Booker
Sir Michael Palliser is to be appointed a non-executive director of BOOKER MCCONNELL on January 1.

FIXED INTEREST

Table with 10 columns: Index Name, Dec 29, Dec 28, Dec 27, Dec 26, Dec 25, Dec 24, Dec 23, Dec 22, Dec 21, Dec 20. Includes 1 Year, 2 Year, 3 Year, etc.

OPTIONS

From January 1 Mr A. A. Horsford, general manager, is to be a deputy chief general manager of ROYAL INSURANCE.

BASE LENDING RATES

Table with 10 columns: Bank Name, Rate, etc. Includes A.R.N. Bank, Allied Irish Bank, etc.

RISES AND FALLS YESTERDAY

Table with 10 columns: Index Name, Rise, Fall, Same, etc. Includes British Funds, Corporate Bonds, etc.

BUILDING SOCIETY RATES

Every Saturday the Financial Times publishes a table giving details of Building Society Rates on offer to the public.

RECENT ISSUES

Table with 10 columns: Index Name, Price, etc. Includes AMEC 50p, Amalgamated, etc.

FIXED INTEREST STOCKS

Table with 10 columns: Index Name, Price, etc. Includes AMEC 15% U.S. Inv. Ln., etc.

"RIGHTS" OFFERS

Table with 10 columns: Index Name, Price, etc. Includes Abmwood 21c, etc.

ACTIVE STOCKS

Table with 10 columns: Index Name, Price, etc. Includes Airtel, etc.

FRIDAY'S ACTIVE STOCKS

Table with 10 columns: Index Name, Price, etc. Includes Agway, etc.

CONTRACTS

A contract worth nearly £400,000 for the supply of stainless steel fire dampers for the drilling, top-side and accommodation facilities of the British Gas Corporation's Rough Storage project has been won by OSBY FABRICATION.

ANGLO-HOLST CONSTRUCTION

ANGLO-HOLST CONSTRUCTION are undertaking a £316,000 design, build and finance contract for the drilling and top-side facilities and the Redpath Engineering for the accommodation module.

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BUSINESS LAW

The year in Europe

BY A. H. HERMANN, Legal Correspondent

THIS HAS been the year when French courts have made the headlines with their industrial relations decisions. In April the appeal court of Rouen upheld a decision awarding damages against a trade union to employees who wanted to work but were prevented by industrial action. More significantly, on November 9 the supreme court (Cour de Cassation) dismissed another appeal against a decision awarding damages against a trade union to employees who wanted to work but were prevented by industrial action. More significantly, on November 9 the supreme court (Cour de Cassation) dismissed another appeal against a decision awarding damages against a trade union to employees who wanted to work but were prevented by industrial action.

Another long-standing and much hated project of the Commission which has been toned down during 1982 is the draft of a block exemption of patent licences. The Commission's original proposal threatened to make licensing almost impossible, and was found quite unacceptable by the British Government, to the great relief of all the other governments which did not like it. One of the crucial issues took on an almost religious significance for the Commission's trustees. Is the granting of exclusive licences an evil in itself or only in those circumstances when it can be shown

that they will nominate the employees representatives without the indignity of an election, and the multinationals are happy with the assurance that the Commission does not intend to achieve a shift in the industrial balance of power. The court, however, can blithely ignore such profane considerations. Legal doctrines seem to be more important both to the Commission and the court than economic and commercial realities and this may deter investment in innovation, without which Europe can hardly compete with the U.S. and Japan.

Rules that are too weak to contain the stresses generated by industrial strife, trade disruption and a dangerously impetuous banking system

The court held that the union's immunity from civil liability for damage suffered by third parties - by the exercise of the right to strike - did not absolve it from responsibility for damage caused by participation in criminal offences which could not be considered part of normal strike action. The refusal of management to accept union demands was found by the court to have been motivated by economic considerations, without any taint of illegality. It did not justify the trade union denying the plaintiffs their freedom of access to the courts. It is surprising that the EEC Commission, which likes to live dangerously, has not so far proposed harmonisation of the right to strike. Together with the European Parliament it has, however, spent quite a lot of energy this year on reforming industrial relations of multinational companies.

The U.S. embargo on supplies for the Siberian pipeline demonstrated once again how the absence of an international agreement on legislative jurisdiction and extraterritorial application of national laws provides fertile ground for political conflicts between allies. As the year drew to an end, the EEC conflicts and legal problems were overshadowed by the threat to the free trade system of Gatt and to the world banking system. It is being realised with some alarm that such international understandings as exist about banking regulation and practices have been evaded behind the screen of banking secrecy; and that even these unsatisfactory arrangements are limited to the industrialised countries and do not deal with the role of the lender of last resort. Over 100 of the world's top 500 banks come from non-EEC countries, where supervisory standards are often lax. As a result, banks based in certain countries and offshore centres and in the Middle East can do much more business with the EEC than their competitors in countries with well-established and strict supervision. They can offer better terms and grow faster. Gresham's law, OGD can say that bad banks push out good banks. There is urgent need for some international law-making.

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JAN 1983



SPENDING LIKELY TO DISAPPOINT U.S.

Japan to restrict defence budget

BY JUREK MARTIN IN TOKYO

JAPANESE defence spending in the next fiscal year is now likely not to increase by as much as either the Government's own Defence Agency or the U.S. wants.

The budget for fiscal 1983, starting next April, is expected to envisage defence spending rising by a little over 6 per cent in real terms, compared with the 7.8 per cent rise in this financial year.

The Defence Agency had sought a 7.3 per cent advance. The U.S., which wants Japan to spend much more on defence, had been pressing for at least that amount. But the Finance Ministry's draft of an austere budget allocated defence only an extra 5.1 per cent to \$11.2bn.

The subsequent tortuous budgetary negotiations, which should be concluded either today or tomorrow, should produce (as is usually the case) a splitting of the difference. But probably, only an extra percentage point or so will be added to defence.

This would not give Mr Yasuhiro Nakasone, the Prime Minister, a very strong bargaining counter when he goes to Washington next month. Just before Christmas, the U.S. Senate passed a resolution which urged Japan to spend more on defence. However, the Prime Minister may be in a position to promise the U.S. new military technology exchanges.

In a speech yesterday Mr Shintaro Abe, the Foreign Minister, repeated that the Government should try to adhere to the principle laid down in the 1970s that defence spending should not exceed 1 per cent of gross national product (GNP). He added: "We will be close to that next year."

He conceded that to stick rigidly to this goal - a highly sensitive figure in Japanese political terms - might not be possible, if for no other reason than that growth in the GNP was variable.

If 3.4 per cent real growth is achieved in the next fiscal year, as projected by the Economic Planning Agency (EPA), and if the Finance Ministry's 5.1 per cent defence increase were implemented, military spending would equal 0.97 per cent of GNP. Even a small increase in expenditure could breach the ceiling.

Vested interests in Japan are complaining about the tightness of the overall budget. Its likely size - about ¥50.5 trillion (\$212bn) - constitutes virtually no real increase over the present year.

The so-called "second tier" budget, the fiscal loan and investment programme financed largely by post office savings accounts, also shows, at ¥20.46 trillion, a minimal real increase.

Since revenues in fiscal 1983 are estimated at ¥22.5 trillion, with the Government having ruled out a tax increase, the deficit-covering bond programme will increase by about a third to ¥13.6 trillion.

Mr Nakasone has already postponed as unfeasible his predecessor's proposal to cease issuing deficit bonds in 1984.

Apart from defence, the only sectors guaranteed noticeable increases are foreign aid - up over 5 per cent to ¥593bn in the Finance Ministry draft - and energy-related projects, with a similar rise. For the most part, the tale is either of reductions in outlays or of holding spending constant at this year's levels.

In forecasting economic prospects for next year, the EPA finds itself more or less in line with private Japanese research organisations and with the Organisation for Economic Co-operation and Development (OECD), which last week predicted 3.5 per cent real growth for Japan.

Because of global economic problems, the EPA expects most of next year's advance (2.8 percentage points) to be internally generated. But it anticipates that Japanese exports will grow a little faster than imports.

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Dresdner reduces holding in MG

By Jonathan Carr in Bonn

FOREIGN investors, who are believed to be mainly from the U.S. and Africa, are taking a stake in Metallgesellschaft (MG), the West German industrial concern, in which Kuraray already has a 20 per cent interest.

The move comes after months of rumours about a prospective change in shareholders at MG, which is a leading metals, process plant, chemicals and transport concern with annual sales of nearly DM 10bn (\$4.16bn). It is among the top 200 European companies as listed by the Financial Times on the basis of market capitalisation.

In a transaction which, for tax reasons, is going through at the turn of the year, Dresdner Bank is disposing of its 33 per cent stake in MG to a new holding company, called GMW Gesellschaft für Metallwerte.

However, Dresdner, the country's second biggest commercial bank, will retain an interest in MG since it will be one of the new shareholders in the new holding.

The other partner is Afro American Investment Holding, which is registered in the Cayman Islands and is understood to group institutional and private investors in the U.S. and Africa (including Nigeria).

There is no official word on the value of the transaction. But the sale of one third of MG's nominal capital of DM 240m, at the current market price of some DM 215 per share, implies a figure of about DM 55m.

However, there is no way of telling exactly what sum flows to Dresdner from the deal.

Despite its need (in common with many West German banks) to make large provisions against major risks, Dresdner has been earning well this year and is maintaining its dividend without dipping into reserves.

The official explanation of the deal is that it marks a further step in the bank's long-standing policy of reducing its major holdings in West German industrial concerns.

A year ago, Dresdner cut a stake in the building concern Bilfinger and Berger in another transaction involving Afro American (a company of which little is known, but with which Dresdner is understood to have excellent business relations).

At the start of 1981, Dresdner also disposed of 10 per cent of its holding in MG to Kuraray Petroleum, that transaction in turn had followed the purchase in May 1980 by the Kuwaiti Government of a 19 per cent stake in MG from a Swiss bank.

The particular attraction of the new deal for Dresdner is that, besides making some money and cutting its holding, it will still be able to supply two members - and occasionally the chairman - of MG's supervisory board.

The interest of Afro American in the deal is much less clear - above all because so much about this holding, its exact participants and their other interests, remains obscure.

Despite temporary troubles for MG, which mean that it is omitting its dividend for the first time in 30 years, its long-term prospects look good. In particular MG's process plant engineering subsidiary, Lurgi, is still performing well and its technical know-how must be a special attraction for foreign interests.

See Lex

Debt crisis over, says UK banker

Continued from Page 1

totally undermines the social and financial structure of a country."

The economic problems of the UK, although partly a result of the world recession, were "related to high levels of inflation. Britain's high level of unemployment stemmed partly from a loss of competitiveness, which was related to previously high rates of inflation."

Mr Leigh-Pemberton related recent criticism by the former Labour Chancellor of the Exchequer Denis Healey that he lacked sufficient experience of international banking.

"My response is that within the Bank of England there is plenty of experience of this nature. I will have advantage of this experience and advice and I shall add to that what I hope are adequate qualities based partly on my own ability to analyse."

He stressed he had been chairman of National Westminster Bank for nearly six years, had attended five International Monetary Fund meetings and was acquainted with the world's leading central bankers.

Mr Leigh-Pemberton will be the first clearing banker to become Governor of the Bank of England. He said that fears that this might in some way influence his judgment were exaggerated.

French telecom profits hit by state decision to tap income

BY DAVID WHITE IN PARIS

THE PROFITS of France's telecommunications authority, one of the country's main borrowers on the capital markets, risk being virtually wiped out this year as a result of the Government's decision to cream off some of its earnings in support of the overall budget.

Net results of the Direction Générale des Télécommunications (DGT) - the most profitable branch of the Post Office - already dropped sharply from FFr 8.2bn (\$1.2bn) in 1980 to FFr 1.9bn last year.

The Government decided this year to dock part of the DGT's income although the final sum is still subject to negotiation, the target was half of the 1981 operating result, of FFr 2.8bn.

Estimates made by the telecommunications authority in November, following the price freeze, put the 1982 operating result slightly lower than 1981's at FFr 3.5bn, and provisions for foreign exchange losses at FFr 3.6bn. The deduction of FFr 2.8bn would be led to a net loss - the first in the history of the DGT.

This would be in addition to an estimated FFr 2.5bn deficit in the postal service, where the Government is injecting, as another new measure, more than FFr 1bn this year to help pay for the cost of newspaper distribution.

The recent decline of the dollar has however led officials to revise their forecasts for financial costs. The operating profit is now expected to be closer to FFr 6bn, and exchange provisions may be brought down to below FFr 3bn, leaving room for a small profit.

Telecommunications account for about two thirds of total post office borrowing, which has gone well over target to reach some FFr 15bn this year. The overall borrowing requirement for next year is put at FFr 15.5bn.

Total outstanding debt of the French telecom service stands at about FFr 90bn. This includes more than FFr 60bn borrowed by the Caisse Nationale des Télécommunications, of which about 40 per cent is denominated in dollars and 20 per cent in other foreign currencies.

Although the budget levy was decided as an "exceptional" measure, a further FFr 2bn is due to be taken from telecom earnings next year.

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UK group sells stake in Hunt for \$90m

By Carla Rapoport in London

TURNER & Newall, the troubled British asbestos products and construction materials group, has sold its stake in Hunt Chemical, a U.S. specialty chemicals concern, to Olin Corporation for \$90m.

T & N, which reported a \$4.5m (\$7.2m) loss for the first six months of 1982, said it was selling its 63.4 per cent stake in Hunt to reduce its debt. Olin, the diversified U.S. chemical group, paid \$23 a share for the stake, which represents a sharp premium to Hunt's recent trading price of between \$17 and \$18.50.

At the same time T & N has announced that Mr Wilfried Newton, group managing director, will leave the company at the end of March to become chairman of the Hong Kong Mass Transit Railway Corporation. Mr Newton's departure follows the recent resignation of T & N's former chairman, Mr Stephen Gibbs. Sir Francis Tombs was appointed executive chairman of the group last month.

The Hunt stake was considered the remaining jewel in the company's well-tarnished crown. The U.S. company has been a fairly steady profit spinner since T & N acquired its stake in 1977. T & N's traditional businesses, however, have soured in recent years due to their heavy dependence on the construction and automotive industries.

Added to these troubles have been mounting claims from employees who have contracted asbestos-related diseases. Provisions for these claims were £3.1m in the six months to June 1982, compared with £1.9m a year earlier.

The company said yesterday that the sale of the Hunt stake would reduce the company's debt-to-equity ratio from about 80 per cent to a more manageable 40 per cent. T & N officials confirmed that the group would not pull out of losses for 1982, but held out hope for a recovery in 1983.

Mr Wilfried Newton pointed out that the company had borrowed about \$90m in the U.S. when it bought its first share of Hunt's shares in 1977. The Hunt dividends did not cover the financing charges of that debt when interest rates subsequently rose.

"Hunt wasn't bringing any joy to the Turner & Newall shareholders right now," said Mr Newton. He agreed that the company had a lot of potential for earnings growth. Even so, he said the company's current financial position made "a dramatic reduction in debt necessary."

The Hunt sale is the third major disposal of assets this year. In June the group announced the sale of its PVC plastic resins business to Norsk Hydro for £25m.

Men and matters, Page 8; see Lex

UK strike losses near 8m days

By Philip Bassett, Labour Correspondent, in London

BRITAIN lost almost 8m working days through strikes in 1982, nearly double the figure for the previous year.

While the protracted pay dispute in the National Health Service made a large contribution to a overall loss of time through stoppages, it is clear that the underlying level of other strike activity also showed an increase.

Provisional figures released yesterday by the Department of Employment showed that the number of days lost so far this year through strikes was 7,832,800.

While that is much higher than the comparable total for 1981 of 3,947,000, it is still lower than the average for the same period over the past 10 years of 11,698,000.

December is traditionally a quiet month for industrial action. Disputes this month are likely to push up the 7.8m total a little higher, but probably not quite to 8m.

The 1982 figure is inflated by the NHS dispute, but then so was the 1981 figure, by the parallel pay dispute in the Civil Service.

The 1982 figures will be about two thirds of the total for 1980 of 11.9m days lost - though here the 13-week national steel strike again pushed up the figures.

Mexico set to cut state bank holdings

BY RONALD BUCHANAN IN MEXICO CITY

PRESIDENT Miguel de la Madrid of Mexico is returning to the private sector up to 34 per cent of the shares in the country's recently nationalised banks.

The Bill containing the proposal was given a first reading by Congress less than 24 hours after it was tabled. The Mexican Congress is overwhelmingly dominated by the ruling Institutional Revolutionary Party, which means the move is virtually certain to be approved.

The new shareholders in the banks can include autonomous government agencies, trade unions and bank employees. But at least 66 per cent of the shares in any one bank must stay in the hands of the Federal Government.

Under the new law, no one person or corporate body may hold more than 1 per cent of any bank's shares. A shareholding gives the right to earn profits and sit on a committee, with merely consultative powers, which replaces the former shareholders assembly.

Each bank will have a board of directors of whom the majority will be appointed by the Finance Ministry.

A new department - the banking under-secretariat - has been established at the ministry to oversee the re-organisation. Sr Carlos Sales, a senior official at the ministry, is to be the new Under-Secretary.

Officials said that the 53 banks now operating will be reduced to around 12, known officially as "national credit associations."

Several problems have yet to be tackled. For instance, it has yet to be decided what to do with the sizeable holdings which the banks have in private industry. Any return of these to the private sector would be sure to produce further strong protests from the left and perhaps from the official labour movement.

Another problem is the considerable duplication of functions under the present system. Several Mexican banks have representative offices in London and New York where only one in each centre would appear to be justified under a state-run system.

Opposition deputies complained that Congress was being steamrollered. The main left-wing party, the United Socialist Party of Mexico, described the Bill as a "flagrant violation of the nationalisation."

The Socialists had strongly backed the nationalisation ordered by ex-president Sr Jose Lopez Portillo in September 1.

The move caused considerable surprise at home and abroad, but it allowed Sr Lopez Portillo to leave office amid a wave of nationalist and left-wing euphoria which tended to overshadow the nation's grave economic crisis.

However, with the loss in postal services expected to be cut back to under FFr 2bn, the Post Office is counting on a net surplus of FFr 761m for the year, according to its 1983 budget projections.

Since 1923, the Post Office has had a special budget, aimed at allowing it to be run on the lines of an industrial venture.

Banque Française du Commerce Extérieur, which recently made a \$500m Eurodollar borrowing, has more than doubled its capital through its 10 state or semi-state banking shareholders.

Capital has been raised from FFr 300m to FFr 600m, with FFr 60m coming from reserves and the remainder through subscription to new shares. As a result the shareholding structure is slightly altered, with the three big state-owned commercial banks taking a larger share, reflecting their role in foreign trade.

The Bank of France and the Caisse des dépôts et Consignations remain the biggest shareholders with just under 50 per cent between them.

Oil exports rise forecast, Page 2

THE LEX COLUMN Dresdner tops up its reserves

Dresdner Bank has finally settled weeks of rumour about the fate of its 33 per cent holding in Metallgesellschaft.

The shares are to be sold to a new company to which Dresdner will have a direct interest of 50 per cent. The bank has made little secret of its wish to sell the Metallgesellschaft stake and the deal was being presented yesterday as part of the bank's long-term strategy of running down its industrial holdings.

Yet, with Metallgesellschaft shares trailing roughly a third below the level at which Dresdner sold a 10 per cent stake to the Kuwaitis two years ago, it looks as if the timing of the transaction has been dictated by tactical rather than strategic considerations.

Dresdner has pledged itself to the payment of a maintained dividend at a time when the heavy provisions which it must be making against AEG-Telefunken and international risks are offsetting the gradual improvement in its interest margins.

So, the cash proceeds of close to DM 175m which this deal may provide will provide a welcome bulwark for inner reserves.

Manufacturers in the U.S. may be operating their plant at the lowest capacity utilisation recorded since 1948, but window designers in the financial sector are having as busy a year-end as ever. The Federal funds rate has moved up sharply this week, distorted by the traditional late-December balance sheet inflation of the commercial banks, plus perhaps some initial accumulation of reserves by them ahead of a major social security payment next Monday.

The Fed has been intervening to help ease the resulting "discontent" in the debt markets and did so

again yesterday when Fed funds touched 10 per cent. But the Treasury's recent \$25bn funding blitz has been successfully completed and no-one expects the Fed to exert much effort to counteract such short-term aberrations.

New York equities have also been active, with the NYSE trading 84.7m shares last Monday. The rise of the Dow Jones Industrial Average to a record high of 1078.35 that day shows that takers of 1982 profit funds plenty of willing buyers.

But the surge in some hard hit sectors, and especially the steels, looks more like a gamble on a seasonal year-end rally than any real economic upturn in the new year.

While this still leaves the ground with the uphill task of trading its way out of its problems with mature products in lifeless markets, the shares responded marginally to the evidence of action yesterday, rising 1p to 30p.

This debt reduction will give welcome relief to a profit and loss account where net interest charges in the first-half of this year amounted to £12.8m, and where funding costs associated with the U.S. company were not covered by dividends received.

The UK's Inland Revenue neatly managed to ruin the Christmas festivities for City of London computer programmers - with its announcement of a simplification in capital gains tax indexation. Most of the painful reprogramming for the identification rules had been completed, now they will have to start from scratch to take "parallel pooling" into account. The new rules - designed for large institutions which buy in and out of a few stocks - are much more straightforward, and mean that records of stock purchase and disposal back to the year dot need not be kept.

The parallel pooling statement is vague, but it looks as if the legislation to be introduced in the next Budget will be backdated to the 1982 Finance Act. In that case, institutions will be able to switch directly from the old pooling system to parallel pooling. Meanwhile, a tight time limit is likely to be imposed on the irrevocable decision by each institution to switch to parallel pooling. In the early stages, the system will tend to produce higher tax bills than the identification rules. So there may be some fervent calculations on whether the loss on this front will be made up by administrative savings.

Wall Street

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